

PAN AMERICAN COMMERCE

Past—Present—Future

SECOND PAN AMERICAN COMMERCIAL CONFERENCE

Washington, D. C., June 2-6, 1919

PAN AMERICAN UNION

JOHN BARRETT,
Director General

CHARLES J. HARRIS,
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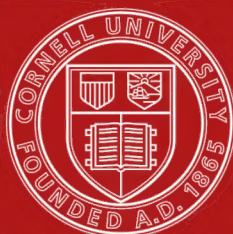
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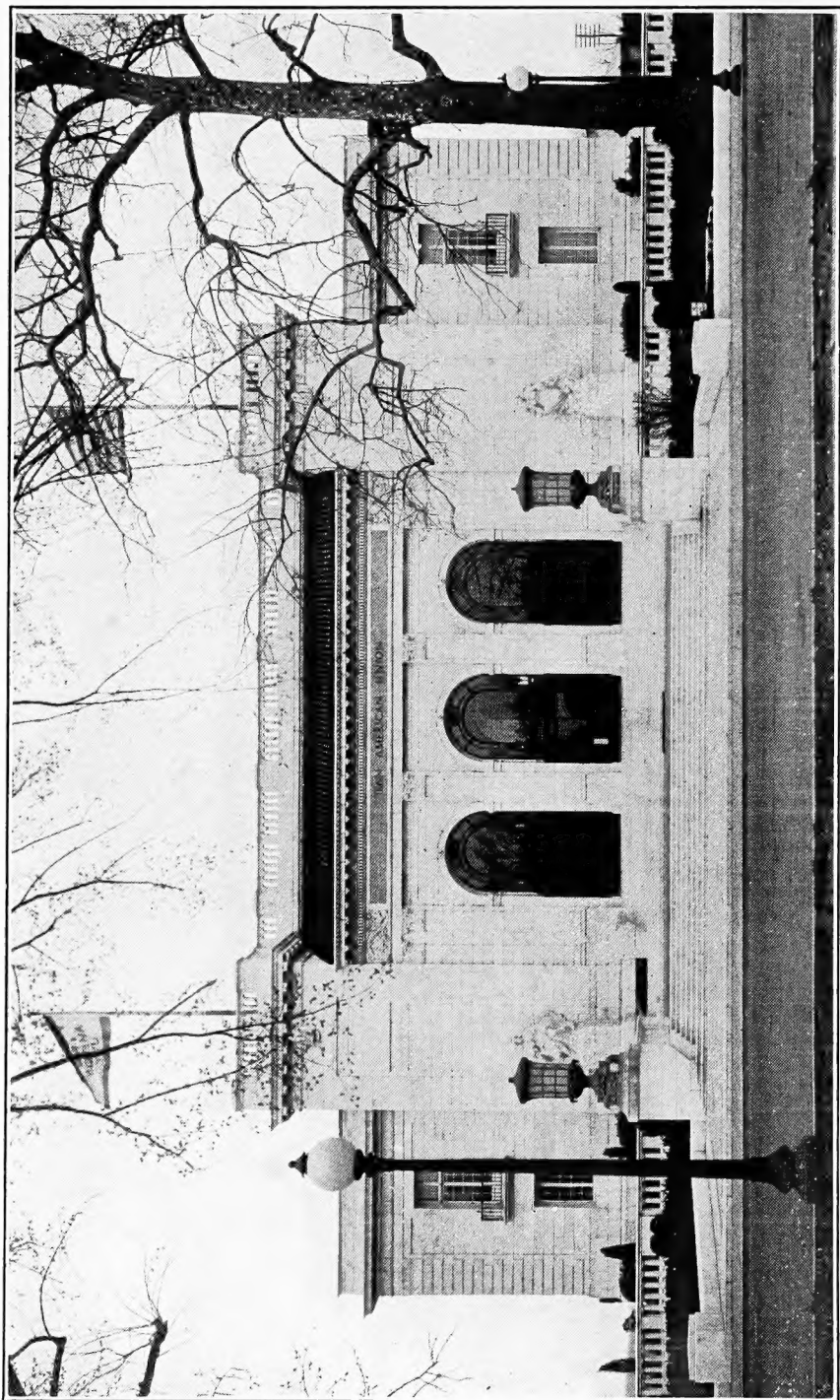
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THE MARBLE HOME OF THE PAN AMERICAN UNION—THE CAPITOL OF THE AMERICAS.

Front of the Building of the International Organization Belonging to all the American Republics and the Scene of the Second Pan American Commercial Conference.

PAN AMERICAN COMMERCE

Past—Present—Future

from the Pan American viewpoint.

REPORT

of the

SECOND PAN AMERICAN COMMERCIAL CONFERENCE

Held in the Building of the
Pan American Union, Washington, D. C.
June 2-6, 1919

A summarized report based on the stenographic record of the proceedings, addresses, papers, and discussions, together with additional data, lists of those in attendance or represented, charts, illustrations, etc.,

prepared by

JOHN BARRETT,

Director General of the Pan American Union,

assisted by

PROFESSOR JULIAN MORENO-LACALLE,

Recording Secretary of the Conference

PAN AMERICAN UNION

Washington, D. C.

1919

The Pan American Union in its capacity as the official international organization of the American Republics and its officers are not to be held in any way responsible for the opinions expressed or statements made in the discussions, addresses and papers included in this report.

A few omissions of names, or incorrect records of them, have been unavoidable, through the inability of the presiding officer to identify persons speaking or their failure to give in their names. In printing, moreover, such a mass of material certain errors in the text will be discovered. Corrections, therefore, for an errata page in a second edition will be welcome.

SPECIAL MEMORANDUM

1. In order to have a comprehensive viewpoint of the practical nature of the Second Pan American Commercial Conference, and the value of this book, it is hoped that every one consulting it will read the Foreword.

2. It is respectfully requested of all those who read or use this book that they will kindly notify the Director General of the Pan American Union of any errors they may discover in it, in order that there may be published a revised errata sheet. Errors have been reduced as far as possible to a minimum, but, in reporting and telling the story of a great Conference like this one, some mistakes are unavoidable.

3. By accidental misunderstanding as to the placing of the diagrams or charts covering the commerce and trade of the countries, they were distributed through the book for the purpose of balancing the illustrations, and not located in the material descriptive of the countries, as they should have been for convenience. To facilitate, therefore, the finding of these diagrams the index in the back of the book should be consulted either under the head of the country or under the title "Diagrams of Foreign Trade," page 458.

4. Other corrections already noted should be the following:

Dr. Mario Diaz IRIZAR not Yrizar, pp. 51, 59, 281 and index.

Capt. Max L. McCOLLOUGH not McCullough, pp. 35, 48, 237 and index.

Henry HIRTLE not Hurtler, p. 39 and index.

Walter B. Graham, strike out "Temporary" p. 431.

James Whitehill should be listed with "Guides" BUILDING AND GROUNDS, p. XVII.

District of COLUMBIA not Colombia, index p. 458.

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FOREWORD

BY JOHN BARRETT, DIRECTOR GENERAL.

This volume is unique.

It contains more up-to-date information on Pan American commerce than any other single book yet published. It tells the story of one of the most practical commercial conferences ever held.

It should be not only read but studied carefully by all those interested in Pan American relations. It is literally at once a primary and advanced text book on Pan American trade and everyday Pan Americanism.

It is a symposium of both average and expert opinion. It covers in some measure nearly every phase of Pan American commercial, financial and economic conditions which must be considered and faced after the world war. It also reviews the past and discusses the present.

Every Government bureau and official having to do with foreign commerce, every representative public and private library, every progressive commercial organization, every corporation, firm, house, and individual conducting or planning to conduct Pan American or Inter American business, every educational institution interested in foreign relations, every student of foreign commerce, every traveler going south or north in Pan America, every society, club or school studying Pan American questions will find it most helpful.

If this statement seems an exaggeration, please note carefully, first, the inspiration, purpose, character, and conclusions of the Conference; second, the table of contents and the index; third, the list of those in attendance and represented; fourth, the names of those making addresses, reading papers and engaging in discussions; fifth, the topics considered; sixth, the actual information, practical ideas, useful facts, and new suggestions contained in the addresses, papers and discussions.

When at the April meeting of the Governing Board of the Pan American Union—composed of the Secretary of State of the United States and the Latin American diplomatic representatives in Washington—the Director General's recommendations for holding this Conference were approved and he was authorized to issue the call that it should convene only two months later, in the first week of June, the majority of those consulted expressed doubt that in so short a time arrangements could be completed for its successful meeting. Thanks, however, to the hearty cooperation of the Governing Board and the staff of the Pan American Union, the special assistants for the Conference, the active help of the Bureau of Foreign and Domestic Commerce of the Department of Commerce, the office of the Foreign Trade Adviser of the State Department, representative officials, experts, business men, financiers, and commercial and financial organizations of Latin America and the United States, it was possible by intensive effort for the Director General to call the Conference to order Monday afternoon, June 2, and to declare its adjournment Friday afternoon, June 6, after four and one-half days of three sessions each, largely attended and characterized by exceptional interest and edification in both addresses and discussions.

There were over 1,100 separate acceptances of invitations and nearly 800 individuals took the trouble to register. Over 150 representative Latin Americans attended and participated. There was a spokesman for every country of Pan

America and there was the greatest frankness and freedom of discussion. The Second Pan American Commercial Conference was *Pan American—All American*—in every respect.

As convincing evidence of the practical value of the Conference, there are given below extracts from the final summary of its work read by the Director General just before adjournment sine die:

If the work and results of the Conference can be unofficially summarized in the form of expressing the sentiments of the majority of those in attendance, as judged by their addresses and comments, the following conclusions should be cited:

1. The early establishment of ample freight, mail, and passenger *steamship facilities* between the principal ports of the Atlantic, Gulf, and Pacific ports of the United States and the corresponding ports of Latin America.

2. Thorough *reciprocity* and mutual *cooperation* in trading methods and regulations, in business ethics, and in general treatment of commercial relations, including export and import combinations, and other governmental aids to commerce.

3. The meeting by the financial and business interests of the United States of the *financial needs* of Latin American Governments and private undertakings.

4. Safeguarding of *patents, trademarks, and copyrights* of each country in all the other twenty countries through the present International Bureau at Havana and the early opening of one in Rio de Janeiro.

5. Making the *parcel post* beneficial alike to the exporters of the United States and the consumers of Latin America through the removal of unnecessary restrictions and regulations.

6. Improvement in the administration of *consular offices*; developing similarity of consular *invoices and fees*; annulling of *petty laws* and regulations annoying to trade and travel; the revising and permanency of *tariffs*; better conditions of *insurance and packing*.

7. Extensive *railway and highway construction* all over Latin America; the *renewing of railways* already in existence but suffering from lack of supplies due to war conditions; the establishment, as soon as feasible, of fast *aviation* mail, express and passenger service; and the building immediately of a chain of *good hotels* in the principal Latin American ports and capitals.

8. Better *credit facilities* for Latin American buyers by United States exporters; the extension of United States *banking* connections; and more intimate study of actual Latin American trade and social conditions by the export, import, and financial interests of the United States.

9. Study of the *Spanish and Portuguese languages*, Latin American institutions, history and geography by the people of the United States and a corresponding study of the United States by the people of Latin America; general vocational training for Pan American trade.

10. The further improvement and extension of *news and cable service*; the employment of the best methods in newspaper and magazine *advertising*, catalogues, business films, and other agencies of commercial publicity and intelligence.

11. Holding of the Second Pan American *Financial Conference* at Washington, in January, 1920, called by invitation of the Secretary of the Treasury of the United States and attended by the Latin American Ministers of Finance and their associates.

12. *Important far-reaching announcements*, affecting Pan American relations, including (a) that of Secretary of Commerce W. C. Redfield, pointing out new methods and opportunities for increasing the exchange of products between the United States and Latin America; (b) that of Chairman E. N. Hurley of the United States

Shipping Board, outlining new passenger, mail and freight steamship service; (c) that of Assistant Secretary L. S. Rowe of the Treasury regarding the Second Pan American Financial Conference in January, 1920; (d) that of President Charles M. Schwab of the Bethlehem Steel Company, stating his absolute confidence in the business possibilities and integrity of the Latin American Republics; (e) that of President Frank A. Vanderlip of the National City Bank of New York, that the American republics could and should avert impending industrial catastrophe in Europe by supplying raw materials necessary for European industries; (f) those of Latin American ambassadors, ministers, and delegates, including Señor Beltran Mathieu, Ambassador of Chile, Señor Francisco Tudela y Varela, Ambassador of Peru; Señor Ignacio Calderon, Minister of Bolivia, and others, sincerely welcoming closer commercial and financial relations with the United States.

If after reading or consulting this report of the Second Pan American Commercial Conference, anyone desires further information which can be provided by the Pan American Union, as the official international organization and bureau of information of the American Republics, he is cordially requested to consult by interview or correspondence its ever ready staff and otherwise to make use of its numerous facilities for promoting practical Pan Americanism.

In this connection, the Director General invites attention to two papers in the Appendix. One of these carries the title of "Practical Pan Americanism" and the other is the "Annual Report of the Director General of the Pan American Union."

As a final word he thanks Professor Julian Moreno-Lacalle, the Recording Secretary of the Conference, for his able assistance in editing this report of the Proceedings.

PAN AMERICAN UNION.

The Pan American Union is the official international organization of the 21 independent governments of the Western Hemisphere. It was originally organized under the name of "The Bureau of the American Republics" at the first Pan American Conference, held at Washington in 1889-90. It was continued by the Second Conference, held at Mexico City in 1901-2; reorganized at the Third Conference, held at Rio de Janeiro in 1906, and again continued, with its name changed to "Pan American Union," by the Fourth Conference, held at Buenos Aires in 1910. It is supported by the joint quotas of the American governments, based upon their population. It is controlled by a governing board, composed of the Secretary of State of the United States, who is its chairman ex officio, and the diplomatic representatives in Washington of the other American Governments. Its affairs are administered under this board by a director general and an assistant director elected by them and responsible to them. They, in turn, are assisted by a staff of experts in Pan American relations, including statisticians, trade advisers, editors, librarians, translators, compilers, and others. The principal purpose of the organization is to promote friendship, good understanding, intercourse, commerce and trade, and, through these agencies, permanent peace among them all. That it has been successful in these respects is proved by the fact that since the Pan American Union was first organized there has been no serious conflict between any two American republics.

The Pan American Union has a practical up-to-date library, known as the "Columbus Memorial Library," of 40,000 volumes, in which are kept the official reports and descriptive publications relating to all the Latin American countries; indexed, in turn, with 160,000 information cards. It has a collection of 25,000 photographs, 1,500 maps, 110 atlases, and receives regularly 1,200 Latin American newspapers and other publications. It publishes an illustrated Monthly Bulletin, with editions in English, Spanish, Portuguese, and French, of which nearly 200,000 copies were distributed last year. It prepares and distributes descriptive regular and special reports and pamphlets containing general and particular data about each of the American Republics, and its mail room handled in the last fiscal year 500,000 pieces of mail received and sent out.

The Pan American Building and Grounds, dedicated in 1910, and representing an investment of \$1,100,000, were made possible through the generosity of Mr. Andrew Carnegie and the pro rata contributions of all the American Republics. It is open to visitors every week day from 9.30 A. M. until 4 P. M., when its library, information files, exhibits, and experts are always accessible to those seeking information on Pan American topics.

Since the Pan American Union was reorganized in 1906, Pan American commerce has grown from less than \$500,000,000 to approximately \$1,750,000,000.

**RESOLUTION OF THE GOVERNING BOARD OF THE PAN AMERICAN UNION
AUTHORIZING THE CALL FOR THE SECOND PAN AMERICAN
COMMERCIAL CONGRESS.**

At the regular meeting of the Governing Board of the Pan American Union held on the 9th of April, 1919, a committee, consisting of His Excellency Ignacio Bonillas, Ambassador of Mexico, His Excellency Dr. Santos A. Domínicí, Minister of Venezuela, and His Excellency Dr. Rafael H. Elizalde, Minister of Ecuador, appointed to report on the calling of a Pan American Commercial Conference of an unofficial and purely informative character, proposed by the Director General at the meeting of the Governing Board held on March 5, 1919, submitted the following recommendations for the approval of the Board:

1. The advisability of holding in the Pan American Union during the latter part of May or the beginning of June of this year a Pan American Commercial Conference having the same unofficial character as the one held in the same building in February, 1911.

2. The authorization of the Director General to issue, on behalf of the Governing Board, the proper invitations, wherein it shall be stated that the Conference has not official character, and to prepare the proper program, following the precedent established for the first conference.

3. Requesting the active cooperation of all the members of the Governing Board in order to give more prestige and interest to the Conference, a report of which shall be made for publication in due course.

In making these recommendations the committee not only gives its support to the Commercial Conference suggested at the meeting of the 5th instant by the Director General, but also believes that it would be of great advantage to call another conference on a larger scale and of a more formal character after peace has been completely re-established in the world, in order to secure the attendance of the greatest number of representatives of the commerce of all the countries of the Pan American Union.

These recommendations were unanimously approved.

THE ORIGINAL CALL FOR THE SECOND PAN AMERICAN COMMERCIAL CONGRESS.

The Governing Board of the Pan American Union has authorized the Director General to call an informal or unofficial Pan American Commercial Conference, to be held at the Pan American Building in Washington, D. C., from June 3 to 6, 1919. He, therefore, submits the following:

1. The Governing Board, recalling the success of the first Pan American Commercial Conference held under the auspices of the Pan American Union in February, 1911, and having in mind the great present interest in Pan American trade, believes that much good should result to all concerned—governments, organizations, firms and individuals—from another informal but comprehensive exchange of views and information between the official and unofficial commercial representatives, trade experts, business men and other interested parties of both North and South America.

2. Among those to be invited to attend and participate will be the following: (a) the diplomatic, consular and special commercial and financial representatives and experts in the United States of the Latin American governments; (b) representatives of Latin American firms and houses, unofficial Latin American experts, and other Latin Americans interested who are now in the United States; (c) such other representatives of Latin American governments, commercial organizations and firms as may be able to attend; (d) the officials and experts of the different departments and bureaus of the United States Government having to do with Pan American economic, financial and commercial relations; (e) commercial and trade organizations, or representatives thereof, institutions, business firms and houses, and individuals, in the United States, directly interested in Pan American trade.

3. In order to do justice to all countries concerned and to the numerous important phases of Pan American commerce, general and special sectional sessions will be held, beginning with the Inaugural Session at 10 A. M., Tuesday, June 3, and continuing morning, afternoon and evening of the following three days, June 4, 5 and 6. Except for this inaugural session and certain special occasions, all papers and addresses will be limited in the reading or delivery to ten minutes (with opportunity, under limitations, of extension in the printed proceedings) to be followed by a general discussion, questions and answers, open to all. By this method of procedure, it is intended to make the Conference always practical, interesting and instructive, and give everybody an opportunity to obtain the information desired.

4. It is hoped that the President and Secretary of State of the United States will return to America in time to speak at the inaugural session. Other addresses at general sessions will be made by Members of the Cabinet, Latin American Ambassadors, Ministers, and Consuls, leaders of activities in the commercial, financial, and economic development of Pan America, and recognized international trade experts.

5. While there will be no formal or required charges or fees for registration, attendance and participation, each person (excepting government officials) who desires to be placed on the list to receive one cloth-bound copy of the printed proceedings (which obviously should be the most complete and comprehensive up-to-date review and text book on Pan American Commerce illustrated with maps, charts and diagrams, yet published) can do so by subscribing three dollars, in advance, to cover cost of preparation, with the privilege, limited to such subscribers,

of securing additional paper-bound copies at one dollar. Checks should be made payable to "Chief Accountant, Pan American Union."

6. All persons wishing to attend this conference will please notify the undersigned as soon as possible, as per enclosed card, giving accurate information as to name, address, business or occupation, and whether desiring copies of the printed proceedings or not. Any suggestions, moreover, as to subjects to be discussed, available experts, and those to be invited will be welcomed. The Conference is intended to be a period of intensive study of Pan American commerce, and it is hoped that all persons who plan to be present will do so with the thought of constant attendance and participation at the sessions through the week until final adjournment.

JOHN BARRETT,
Director General, Pan American Union,
Washington, D. C.

May 10, 1919.

SPECIAL SUPPLEMENTARY NOTICE.

Since the accompanying circular was printed, the *inaugural session* of the Second Pan American Commercial Conference, held under the auspices of the Governing Board of the Pan American Union, which was to have taken place Tuesday morning, June 3, has been advanced to *Monday afternoon, June 2*, in order to suit the convenience of the Vice President, who will extend a welcome to the delegates on behalf of the United States, but who will be absent from Washington on Tuesday. This session will be called to order by Director General Barrett and presided over by Hon. Frank L. Polk, Acting Secretary of State and Acting Chairman of the Governing Board of the Pan American Union. The other speakers will be Señor Don Beltrán Mathieu, the Ambassador of Chile, Señor Don Ignacio Calderón, the Minister of Bolivia; Hon. F. H. Gillett, Speaker of the House of Representatives; and Hon. H. L. Ferguson, President of the Chamber of Commerce of the United States.

May 24, 1919.

GOVERNING BOARD OF THE PAN AMERICAN UNION.

Frank L. Polk, Acting Secretary of State of the United States, Chairman
ex officio (in absence of Robert Lansing, Secretary of State).

Ygnacio Bonillas, Ambassador of Mexico (absent).

Beltrán Mathieu, Ambassador of Chile.

Francisco Tudela y Varela, Ambassador of Peru.

Ignacio Calderón, Minister of Bolivia.

Carlos Manuel de Céspedes, Minister of Cuba.

Santos A. Domínicí, Minister of Venezuela.

Rafael H. Elizalde, Minister of Ecuador.

Carlos Adolfo Urueta, Minister of Colombia.

Luis Galván, Minister of the Dominican Republic.

Diego Manuel Chamorro, Minister of Nicaragua.

Manuel Gondra, Minister of Paraguay.

Charles Moravia, Minister of Haiti.

Salvador Sol M., Minister of Salvador.

Federico M. Quintana, Minister and Chargé d'Affaires of Argentina.

J. E. Lefevre, Chargé d'Affaires of Panama.

Alberto de Ipanema Moreira, Chargé d'Affaires of Brazil.

Hugo V. de Pena, Chargé d'Affaires of Uruguay.

Francisco Sánchez Latour, Chargé d'Affaires of Guatemala.

R. Camilo Díaz, Chargé d'Affaires of Honduras.

Sub-Committee of Governing Board of the Conference

Ygnacio Bonillas, Ambassador of Mexico (in absence, represented by Juan
B. Rojo, Counselor of Embassy).

Santos A. Domínicí, Minister of Venezuela.

Rafael H. Elizalde, Minister of Ecuador.

EXECUTIVE OFFICERS OF THE PAN AMERICAN UNION.

John Barrett, Director General.

Francisco J. Yánes, Assistant Director.

Franklin Adams, Chief Clerk (absent).

William A. Reid, Acting Chief Clerk.

Special Assistants to the Director General for the Conference

John Vavasour Noel, First Assistant and Secretary.

Henry L. Sweinhart, in Charge of Publicity.

Prof. Julian Moreno-Lacalle, Recording Secretary.

Dr. H. E. Bard, Assistant.

Dr. José Romero, Assistant.

Gladys Russell, Official Reporter.

STAFF OF THE PAN AMERICAN UNION

Members of the Staff assisting for the Conference who were ready to give
information and otherwise serve those in attendance.

John Barrett, Director General.

Francisco J. Yánes, Assistant Director.

W. A. Reid, Acting Chief Clerk and Trade Adviser.

William C. Wells, Chief Statistician.
 Matilda Phillips, Assistant Statistician.
 C. E. Albes, Acting Editor, English Bulletin.
 Angel C. Rivas, Acting Editor, Spanish Bulletin.
 Virginia H. Wood, Disbursing Officer.
 D. Arbelia Reed, Assistant to Disbursing Officer.
 R. G. Koenig, Assistant to Disbursing Officer.
 Charles E. Babcock, Acting Librarian.
 Maria D. Calvo, Assistant in Library.
 William Mahoney, Assistant in Library.
 W. P. Montgomery, Translator and Compiler.
 W. V. Griffin, Secretary to the Director General.
 Helen L. Brainerd, Secretary to Assistant Director.
 Hortense Haas, Assistant to Secretaries.
 José M. Coronado, Spanish Translator.
 Joaquim De S. Coutinho, Portuguese Translator.
 Langworthy Marchant, Portuguese Translator.
 Alexandre Michelet, French Translator.
 William J. Kolb, Chief of Mail Room.
 George F. Hirschman, Assistant in Mail Room.
 Charles Columbus, Assistant in Mail Room.
 Madeline S. Kavanagh, Chief of File Room.
 William Manger, Assistant in File Room.
 Manuel B. Montes, Assistant to Chief Clerk.
 H. C. Snodgrass, Assistant to Chief Clerk.
 H. R. Mills, Assistant to Chief Clerk.
 Blanche Dunnington, Assistant to Chief Clerk.
 Marjorie Miller, Assistant to Chief Clerk.
 Helen V. Smith, Assistant to Chief Clerk.
 Stanley M. Provost, Assistant to Chief Clerk.

Buildings and Grounds

J. Walton Barrett, Superintendent of Buildings and Grounds.
 H. Burkholder, Engineer.
 Harry F. Davison, Charles E. Leland, Guides.
 James Whitehill; C. W. Bedford; Wm. Betters; B. Brent; F. Butler; G. Chappelle; E. Deviny; T. Gill; E. M. Knight; W. F. Kuhnert; Geo. A. Mathieson; Corlies B. Taylor; W. H. Taylor; Wm. Wiener.

Messenger Force

John M. Butler; Marcel Cordove; James Davis; S. H. Edmondson; Frank E. Hearn; Henson Hicks; F. D. Keesee; H. T. King; Francis Pree; H. Randolph; John Sims; F. D. Wilkinson; Clarence P. Williams.

Temporary Staff—Aides for the Conference

R. M. Bartleman; Margaret N. Bobb; A. R. Burch; Mildred Dean; Alice M. Heaven; Anne L. O'Connell; Joseph Sarbin; Carmen Stuart; Agnes Quigley.

SUMMARIZED EXTRACTS FROM THE PROGRAM OF THE CONFERENCE.

Reason and Purpose of the Conference

In February, 1911, there was held the First Pan American Commercial Conference, called under the auspices of the Pan American Union. The announcement of it said: "The purpose of this Pan American Commercial Conference is to consider the actual and practical business conditions surrounding the exchange of commerce and the development of trade between the United States and the other American countries." It was attended not only by official and unofficial representatives of all the American countries but of the principal commercial organizations and the leading exporting, importing and shipping firms of the United States and numerous individual business men and others of both North and South America.

In view, first, of the great practical good and actual impetus to Pan American commerce which resulted from this First Conference; second, of the new after-the-war conditions surrounding present and future Pan American commerce; third, the rapidly growing widespread interest in it throughout both North and South America; fourth, the obvious necessity and advantage of having a full, free, and comprehensive exchange of information and opinions on the subject; and, fifth, the suggestions favorable to such a Conference coming from representative men of both North and South America, the Governing Board authorized the holding of this informal Second Pan American Commercial Conference and instructed the Director General to send out invitations accordingly. It is hoped that the same good will result from it as did from the First Conference of eight years ago.

That the action of the Governing Board struck a responsive chord among both official and unofficial commercial, financial and general business interests of both North and South America is proved by the response that has come to their invitations. When this program went to press Saturday night, May 31, over one thousand actual recorded acceptances had been received.

Rules for the Conference

1. In view of the fact that the Conference is informal but called by the representatives of all the American Governments, discussions affecting or criticizing their political or governmental policies will be strictly out of order and so ruled by the presiding officers.

2. As the Conference is one purely of invitation, where the Governing Board and executive officers of the Pan American Union are acting as hosts, there will be no regular formal organization of the Conference beyond that arranged under the general direction and charge of the sub-committee of the Governing Board and the Director General.

3. Because of the impossibility of committing the Governing Board or the Governments represented by them to any particular line of action, no resolutions will be presented or discussed beyond those of a complimentary and courteous character.

4. In the discussions of the subjects or topics of the Conference *all addresses and papers will be strictly limited to ten minutes*, except in the case of a few general addresses, and *participants will please accept the ruling of the presiding officer without protest or feeling of discrimination*. The purpose of this rule is to provide opportunity for a general discussion by those in attendance and to give fair treatment to all participants and all subjects. It is, however, to be noted, that those reading papers or making addresses and engaging in the discussions are requested to extend their remarks in the printed proceedings, subject to reasonable limitations.

Trade Advisers

Several members of the regular staff of the Department of State and the Bureau of Foreign and Domestic Commerce, Department of Commerce, including trade experts and commissioners, commercial attachés, diplomatic and consular officers, have kindly consented to give advice in trade matters wherever possible. Their headquarters are in the regular office of the Director General at the south end of the main corridor, second floor. In this room is a box in which inquiries

to be answered can be placed. An officer will be in attendance to make engagements for consultation.

Department of State

The following officers of the State Department will attend the Conference and have kindly consented to participate in the discussions and give expert advice:

Julius G. Lay, Foreign Trade Adviser.
Charles Albrecht, Assistant to Foreign Trade Adviser.
Drew Linard, Assistant to Foreign Trade Adviser.
Dr. W. F. Willoughby, Regional Economist for Latin America.
Dana Munro, Economist for Mexico and Central America.
W. R. Manning, Economist for Latin America.

Department of Commerce—Bureau of Foreign and Domestic Commerce

The following officers of this bureau will attend the Conference and have kindly consented to participate in the discussions and give expert advice:

Dr. Burwell S. Cutler, Chief of Bureau.
Grosvenor M. Jones, First Assistant Chief.
C. A. McQueen, Chief of Latin American Division.
Dr. R. S. MacElwee, Second Assistant Chief.
Dr. W. E. Dunn, Assistant Chief of Latin American Division.
Dr. F. R. Rutter, Statistical Adviser.
L. Domeratzky, Tariff Expert.
Robert S. Barrett, former Commercial Attaché at Buenos Aires.
W. W. Ewing, Trade Commissioner and Expert on Construction Materials.
H. C. Everly, Trade Commissioner and Expert on Furniture, etc.

Special Advisers

The following experts also will attend the Conference, participate in the discussions, and have kindly consented to give advice in answer to inquiries:

William E. Aughinbaugh, Editor, the "New York Commercial," New York City.
Dudley Bartlett, Chief, Foreign Trade Bureau, Commercial Museum, Philadelphia, Pa.
David Beecroft, Directing Editor, "The Class Journal Company," New York City.
John Clausen, Vice President, in charge Foreign Department, Chemical National Bank, New York City.
Chas. L. Chandler, Manager, Foreign Trade Department, Corn Exchange National Bank, Philadelphia, Pa.
Frederic M. Halsey, Foreign Department, National City Co., New York City.
Rea Hanna, Gaston, William & Wigmore, 63 Broadway, New York City.
C. E. McGuire, Assistant Secretary, International High Commission, Treasury Department.
J. J. Nordman, Pittsburgh, Pa.
Charles M. Pepper, Journalist, Chile and Northern News Association, Washington, D. C.
Frutos Plaza, Manager, Foreign Department, Montgomery, Ward and Co., Chicago, Ill.
A. R. Rea, Fairbanks, Morse & Co., New York City.
Guillermo A. Sherwell, Juristic Expert, International High Commission, Treasury Department.
J. J. Slechta, Holt & Co., New York City.
G. Cornell Tarler, First Secretary, American Embassy, Rio de Janeiro. •
Edward W. Ames, American Steel Export Co., New York City.
Dr. H. E. Bard, Secretary Argentine-American Chamber of Commerce, New York.
John S. Prince, Secretary Pan American Society of the United States.
Charles F. McHale, National City Bank, New York.
Paul Butler, J. W. Butler Paper Co., Chicago, Ill.

Missing Page

Hon. Martin Behrman, Mayor of New Orleans.
 Dr. Grosvenor M. Jones, Assistant Director, Bureau of Foreign and Domestic Commerce.
 George L. Duval, of Wessel, Duval & Co.
 Hon. John McDuffie, Representative in Congress from Alabama.
 Augustus Post, Secretary, Aero Club of America.
 Captain Charles J. Glidden, Air Service, U. S. A.
 Captain Max L. McCullough, Air Service, U. S. A.

AFTERNOON SESSION

Called to order at 2.45 P. M. by Director General Barrett, presiding.

TRADING METHODS FOR BOTH EXPORTING AND IMPORTING, BUSINESS ETHICS, MERCHANDISING, COMMISSION SERVICE AND DIRECT TRADE, EXPORT AND IMPORT COMBINATIONS, AND WEIGHTS AND MEASURES, ETC.—

Papers and Addresses by—

Dr. Burwell S. Cutler, Chief, Bureau of Foreign and Domestic Commerce, Department of Commerce.

Señor Carlos Arellano, of Mexico.

E. T. Simondetti, John W. Thorne & Co., New York.

C. A. McQueen, Chief, Latin American Division, Bureau of Foreign and Domestic Commerce, Department of Commerce, Washington, D. C.

Dr. William Notz, Export Trade Division, Federal Trade Commission.

Benjamin Catchings, Counselor at law, New York and Washington.

Dr. George F. Kunz, President, American Metric Association, New York; paper read by H. Richards, Jr., Secretary of the Association.

F. A. Halsey, Commissioner, American Institute of Weights and Measures, New York.

OPEN SESSION—

Remarks by—

Wing B. Allen, Publisher, "The South American," and "El Norteamericano," New York.

Mrs. Joan Calley, All America Film Service, Washington, D. C.

Ernest Alpers, General Drafting Company, New York.

Henry E. Coronado, Goodyear Rubber Company, Akron, Ohio.

Carlos F. McHale, National City Bank, New York.

Arthur B. Farquhar, A. B. Farquhar Company, York, Pa.

EVENING SESSION

Called to order at 8.30 P. M. by Director General Barrett, presiding.

OPEN SESSION—

Remarks by—

R. M. Whitney, Associated Press, Washington, D. C.

Señor Enrique Gil, Counselor at law, Buenos Aires and New York.

Senhor J. C. Alves de Lima, Consul General of Brazil at large, New York.

Richard C. De Wolf, Counselor at law, Washington, D. C.

PARCEL POST, PATENTS, TRADE MARKS, AND COPYRIGHTS, CONSULAR AND OTHER TRADE REGULATIONS, PACKING, ETC.

Hon. Otto Praeger, Second Assistant Postmaster General.

Señor Frutos Plaza, Foreign Department, Montgomery Ward & Co., Chicago, Ill.

Dr. Mario Díaz Yrizar, Director, International Trade Mark Bureau, Habana, Cuba.

Hon. James R. Newton, U. S. Commissioner of Patents.

Señor V. Gonzáles, Trade Adviser, The Mercantile Bank of the Americas, New York.

F. B. Purdie, R. G. Dun & Company, New York.

Dr. Frank Rutter, Statistical Adviser, Bureau of Foreign and Domestic Commerce.

Motion pictures of Latin America.

THURSDAY, THE 5th

MORNING SESSION

Called to order at 10 A. M. by Director General Barrett; Dr. Leo S. Rowe, Assistant Secretary of the Treasury of the United States, presiding.

FINANCING TRADE, INVESTMENTS, LOANS, INCLUDING BANKING, CREDITS, GOVERNMENT AID TO COMMERCE, ETC.—

Papers and Addresses by—

- Dr. Leo S. Rowe, Assistant Secretary of the Treasury.
- Frank L. Vanderlip, President, National City Bank, New York City.
- Señor Augusto Villanueva, President, Banco de Chile.
- Charles M. Schwab, President, Bethlehem Steel Company.
- Señor Julio Zamora, Financial Agent of the Bolivian Government.
- Julius G. Lay, Foreign Trade Adviser, State Department.
- H. H. Merrick, President, Chicago Association of Commerce.

AFTERNOON SESSION

Called to order at 3 o'clock by Director General Barrett; Mr. H. C. Parmelee, presiding.

ENGINEERING AID TO COMMERCE, INCLUDING RAILWAYS, HIGHWAYS, WATERWAYS, HARBORS, IRRIGATION, SANITATION, ETC.—

Papers and addresses by—

- Howard C. Parmelee, Editor, "Chemical and Metallurgical Engineering," New York.
- Major George A. Soper, Surgeon General's Office, U. S. Army.
- Percival Farquhar, New York City.
- Señor F. P. de Hoyos, General Agent, National Railways of Mexico.
- Discussion.
- Charles Whiting Baker, Consulting Engineer, New York City.
- Charles F. Lang, President, Lakewood Engineering Corporation, paper read by Mr. Lloyd Brown, Vice President.
- Dr. Walter C. Kretz, John Roebling Company, New York.
- Discussion.
- Verne L. Havens, Editor, "Ingenería Internacional," New York.
- Discussion.

EVENING SESSION

Called to order at 8.30 P. M. by Director General Barrett, presiding.

GENERAL SESSION FOR SUBJECTS POSTPONED OR NOT CLASSIFIED—

- Herbert S. Houston, Editor, "La Revista del Mundo," New York.
- Señor Pedro Rafael Rincones, Consul General of Venezuela in New York.
- Captain H. R. Moody, Packing Service, U. S. Army.
- Discussion.
- Frederick L. Hoffman, Third Vice President, Prudential Insurance Company, Newark, N. J.
- Leon Bensabat, American Chamber of Commerce, Rio de Janeiro.
- Dr. Peter H. Goldsmith, American Association for International Conciliation.

Motion pictures of Latin America.

FRIDAY, THE 6th

MORNING SESSION

Called to order at 10 A. M. by Director General Barrett; Mr. John Vavasour Noel, presiding.

COMMERCIAL INTELLIGENCE, INCLUDING ADVERTISING AND PUBLICITY, AND NEWSPAPERS AND PERIODICALS, ETC.—

- F. B. Noyes, President, Associated Press.
- W. W. Davies, Representative of "La Nación" of Buenos Aires.
- A. C. Pearson, President, Associated Business Papers.

John L. Merrill, President, All Americas Cable Company.
 Señor Alfredo vdH. Collao, Publisher of "La Prensa," New York.
 John Vavasour Noel, President, Noel News Service.

AFTERNOON—CLOSING SESSION

Called to order at 2.30 P. M. by Director General Barrett, presiding.

EDUCATIONAL AND SOCIAL AUXILIARIES TO COMMERCE, INCLUDING VOCATIONAL TRAINING, LANGUAGE STUDY, EXCHANGE OF STUDENTS AND PROFESSORS, AND GENERAL INFLUENCES, ETC.—

Señor Francisco J. Yánes, Assistant Director, Pan American Union.

Discussion.

Dr. Roy S. MacElwee, Second Assistant Director, Bureau of Foreign and Domestic Commerce.

Dr. Samuel McClintock, Federal Agent for Educational Foreign Trade and Shipping.

Dr. W. E. Dunn, Assistant Chief, Latin American Division, Bureau of Foreign and Domestic Commerce.

Dr. Luis F. Corea, Vice President and Treasurer, K-P Corporation, New York.

Miss C. E. Mason, President, Pan American Round Table, Tarrytown, New York.

Mrs. Glen L. Swiggett, Secretary, Woman's Auxiliary Committee, Pan American Scientific Congress.

Professor J. Moreno-Lacalle, Assistant Professor of Spanish, U. S. Naval Academy.

Dr. S. M. Johnson, State Highway Commissioner of New Mexico.

Hon. Breckenridge Long, Third Assistant Secretary of State.

Dr. H. E. Bard, Secretary, Argentine-American Chamber of Commerce, New York City.

REVIEW OF THE WORK OF THE CONFERENCE BY—

Director General Barrett.

EVENING—9.30 P. M.

Reception and Garden party, given by the Governing Board in honor of those in attendance at the Conference, including ladies and guests, in the Hall of the Americas and the Aztec Garden of the Pan American Building and Grounds.



MEMBERS OF THE GOVERNING BOARD OF THE PAN AMERICAN UNION (FIRST ROW) AND A GROUP OF THOSE ATTENDING THE SECOND PAN AMERICAN COMMERCIAL CONFERENCE.

Taken after the Inaugural Session, Monday, June 2, 1919, on the Steps of the Pan American Union Building.

SECOND PAN AMERICAN COMMERCIAL CONFERENCE

MONDAY, JUNE 2, 1919,

AFTERNOON—INAUGURAL SESSION.

The Inaugural Session of the Second Pan American Commercial Conference was called to order at 4:20 P. M. June 2, 1919, by John Barrett, Director General of the Pan American Union, in the Hall of the Americas, Pan American Union, Washington, D. C. In the absence of the Acting Secretary of State, Honorable Frank L. Polk, The Assistant Secretary of State, Honorable William Phillips, presided over the session.

DIRECTOR GENERAL BARRETT: *Ladies and Gentlemen:* The Governing Board of the Pan American Union, composed of the Secretary of State of the United States and the diplomatic representatives of the other American Republics, has seen fit to call this Second Pan American Commercial Conference for the purpose of providing an opportunity for a full and free exchange of information and opinions regarding the development of Pan American Commerce.

A Sub-Committee of the Board, composed of the Ambassador of Mexico (represented in his absence by the Counselor thereof), the Minister of Venezuela, and the Minister of Ecuador, have instructed me, as the executive officer of the organization, to call this meeting to order and to present to you as the presiding officer, who will now take charge of the meeting, The Assistant Secretary of State of the United States, Honorable William Phillips.

THE ASSISTANT SECRETARY OF STATE OF THE UNITED STATES: *Mr. Vice President, Your Excellencies, Ladies and Gentlemen:* In the absence of the Acting Secretary of State, and therefore as temporary Acting Chairman of the Governing Board of the Pan American Union, it becomes my privilege and agreeable duty to preside at this Inaugural Session of the Second Pan American Commercial Conference.

It is a gratification and an inspiration to see that so many practical men of affairs have responded to the invitation of the Governing Board to discuss ways and means to carry into effect the new spirit of Pan Americanism. On behalf of the Board I bid you all a cordial and hearty welcome.

The First Pan American Commercial Conference was held in the year 1911, since which time events of stupendous importance have changed the map of the world and greatly affected the relations of nations. The old world of 1911 has disappeared and out of the anguish of the war there has been born a new spirit of justice, which is even now struggling to take form and expression. Although the western hemisphere has suffered it is almost untouched as compared with the war-worn peoples of Europe and the Near East. Is it not therefore the duty of the Americas to demonstrate that the new era of justice and square dealing has come and that the Republics in this hemisphere are carrying out their ideal of a better world in a helpful and practical manner?

In the days of 1911 we still strove to reach our mutual understandings to a great extent through the medium of international politics. Today we realize that there are agencies far more appropriate through which international relations may be developed and strengthened. The most powerful agency of all for drawing nations together is that of foreign commerce when it is conducted in a spirit of helpfulness and fairness; in this spirit commerce carries with it mutual esteem and binding friendship among nations and incidentally an ardent desire for firmer friendship and closer commercial ties.

We have called you together, therefore, in order that we may frankly discuss face to face business that will be to our mutual advantage. We in the United States must realize, as pointed out by a distinguished South American statesman, that the purchaser is entitled to what he wants, not what he should want in the opinion of the seller, and that the terms of sale should be acceptable to the purchaser as well as to the vendor.

Another agency which we must use in order to carry out the ideal of Pan Americanism is the exchange of thought among men of learning in different countries. No nation must adopt a self satisfied attitude of "know it all," but rather each should strive to cultivate the friendship of men of affairs and ideas in other countries, and through the medium of knowledge reach a higher plane of living.

I believe, gentlemen, that this Conference is imbued with a spirit of the times and that whatever project it considers the idea of fair play and benefit to all the people of this hemisphere will prevail. I cannot, therefore, overemphasize the interest of the Department of State in its proceedings; for it is you—rather than the Government—who have the responsibility of vitalizing the new opportunities offered to you and of giving practical expression to the new spirit of international justice.

In your important labors you can count upon the enthusiastic cooperation of every member of the Department of State and of all the Departments of this Government.

It gives me very great pleasure to present to you one who will bid you welcome on behalf of the Government, who by reason of his exalted office, his charm and his great, rare gift of speech, is peculiarly qualified to do so. I have the honor to present the Vice President of the United States.

THE VICE PRESIDENT OF THE UNITED STATES: *Mr. Secretary, Your Excellencies, Ladies and Gentlemen:* There was a time in the far distant history of the past of the republic of the United States when it was said that in wine there is truth. That, I guess, will never again be uttered in America! If that be so, I think I am justified in saying that in the lack of preparation, however simple the words I may utter, they may claim to be sincere.

The war through which we have just passed has brought into prominence one so-called great doctrine of the American Republics,—the Monroe Doctrine,—and whether we shall or whether we shall not have a League of Nations (for that is on the knees of the gods—if the Republican Party be the gods of this country), still there has been enough of discussion about the Monroe Doctrine to clarify it, I hope, in the mind of every representative of Latin America here today. I think it was and I think it will continue to be a good doctrine so long as it only means this: That we object to any change in the form of government by any foreign nation, because we look upon it as dangerous to the continual glory and honor of the United States of America, as dangerous to our own form of government. But I hope that the discussion has removed forever from your minds the idea that the Monroe Doctrine ever was intended to mean that the United States of America was guardian of the western hemisphere and that you were simply the wards of the United States of America. I hope that has disappeared forever and that, as you progress in the discussions of this most valuable Commercial Conference, you will realize that the attitude of the United States of America is that of a brother, not that of a big brother who is going to tell you what you can and what you cannot do, but simply a brother who wishes you well in the administration of your own internal affairs. I speak that with the utmost sincerity, because I imagine that you men are very much like myself. I am willing to be helped any time on earth but I am wholly unwilling to be "bossed" any time on earth!

It is idle to disguise from your minds the fact that back of all the other alleged causes of war, the commercial relations of people have as much to do with it as anything else. Whether there is to be a League of Nations or not—I say I cannot tell you, it is not for me to settle (I am a disfranchised member of the United States Senate and if ever I wage a warfare to enfranchise anybody I am going to wage a warfare to enfranchise myself before I begin on enfranchising anybody else)—this I think can be done which will measurably help forward that long desired peace of the world.

I think that in this Conference you can, if you will, get together and adjust the trade relations between the United States and the other Republics of the western hemisphere in such a way that there will be no friction between us and you, and, if you will do that, you will very measurably have helped forward that glad time when swords shall be beaten into plowshares and spears into pruning hoes.

I understand, of course, that this Conference is very largely business in its character, but business no longer in the world can be disassociated from the right

and the wrong of human life, and, in all these business arrangements which you are seeking here to make among the Republics of this Continent, let it be understood that while you want to promote business, you want above all to foster peace, amity and concord between the Republics of the western world.

Uterior influences are at work already to prevent the present friendly relations of these nations from continuing. I was shocked the other day—to mention one single instance—to observe that it had been freely given out to the citizens of Brazil that it was the purpose of the United States Government to take Brazilian bonds in payment of the indebtedness of France and England to the United States of America, with the express purpose of making Brazil a ward of the Government of the United States! Now, whether anybody else in America will deny that or not, I am going to deny it. I say it is not so! I say this Government has no power to do it and it has no purpose of doing it, and, if it tried to do it, it would have to get the consent of the Speaker of the House of Representatives before it ever was done! So let that go down as being a falsehood with reference to the purposes and intentions of this Government of ours.

When those of you who have not lived in the United States of America arrive here, you will find out that the Government of the United States is a little bit different from any other government on earth. The men in authority do not have any power! That is the remarkable thing about this Government. Governments do not run anything here. Here is the place where the people kick up their heels and do as they please, and here is the place where public opinion is the final arbiter of the destiny of the people of the United States of America. I am saying that because I want to put these other fellows in the class of the Vice President of the United States.

Let no Latin American Republic ever dream that any administration, whether Democratic, Republican, Socialist, or Prohibitionist in the United States can ever put a single one of them under the guardianship of the United States of America until the public opinion of America has concluded that they are unfit to govern themselves, and nobody thinks that yet in this land of ours!

Gentlemen, beware of anybody who comes into your country just now and says to you that the United States is not your friend. We want you more than we ever wanted you before in our lives. We want to do business with you and I hope we have gotten this idea out of our heads that all we have to do is to fill up a shipload with American-made products, send them down to Central or South America and come back with a shipload of gold in its stead. I hope we have begun to realize that the only way we can do business with Central and South America is to barter our products for their products and their raw material, and I hope we will begin to use a great many of the products of Central and South America in the factories of the United States of America.

Not to be invidious about the products of South America nor to give one country an advantage over the other, I think I know of one thing that is going very speedily to appeal to a large number of American citizens. I observed the other day that in Paraguay they have a plant called *mate* and that it is a substitute for *spiritus fortis*, malt and intoxicating liquor, and that you can drink it and have a jolly good time and wake up the next morning without a headache!

Well, gentlemen, if the rumblings I hear around the Capitol are correct, whether we buy anything else of South America or not, we are going to buy *mate* down there pretty soon!

Just one more word. It was touched upon by the Secretary of State. I wish this Government of ours would make some arrangement to send to your great universities the sons of this republic for education, and I wish you would return your sons to America for education. Thus we could more surely cement the ties that bind us by a better understanding of your problems and have our problems understood by you—by education and learning, than in any other way.

However, I am not here to give business men advice. I am only here just to greet you, in the name of my country that I love; to salute you; to express my faith and belief that my country has no ulterior motives in her dealings with you; to voice the hope that we may know each other better that we have known each other in the past; to express the opinion that our trade and our friendship must go hand in hand in the years that are to come, and to give to you the sublime idea that, perhaps, after all, the peace of all humankind does not rest upon the remains of the war-stricken fields of Europe but in the judgment and conscience and heart of the free republics and the free republicans of this western world.

THE ASSISTANT SECRETARY OF STATE (Chairman): The members of the Conference will be interested to know that five minutes ago, while the Vice President was making his speech, I received a telegraphic dispatch from the Secretary of State in Paris, dated today at noon, conveying a message from the President of the United States to the Conference. I will read that message.

"The President desires me to convey to you the following message:

"Please greet the members of the Second Pan American Conference in my name and convey to them the following message: It is with genuine regret that I find myself unable to attend the Conference and to greet you in person. I am sure that the members of the Government who are in Washington will make you feel abundantly welcome, but I should have wished to express that welcome in person. We attach the highest importance to this Conference. Our hearts are set upon a perfect understanding between the Americans and the development of relations which will be mutually beneficial not only, but will contribute to the sort of relations which promote peace and good will as well as prosperity. Pray accept my most cordial good wishes for the success of the Conference."

"LANSING."

The Government of Chile has expressed its warm friendship for this country by sending as its Ambassador to the United States a man of high distinction and rare ability. Señor Mathieu has occupied a very prominent position in his own country; not only has he served as a member of the National Congress but also in various cabinet positions. He has likewise been Minister Plenipotentiary to Bolivia, Ecuador, Peru and Central America and he has also been his Government's Delegate to the Pan American Conference held in Buenos Aires. Señor Mathieu is the ranking diplomatic representative today in Washington of the nations of the western hemisphere and in this high capacity will honor the Conference by addressing us at this time.

THE AMBASSADOR OF CHILE: *Mr. Vice President, Mr. Chairman, Ladies and Gentlemen:* The fact is—to speak frankly at the very outset—I have availed myself of the opportunity given me by the distinguished Director General of the Pan American Union, and have come here today, to bespeak your aid and support in the discharge of my diplomatic mission.

I think it was Louis XVIII's Minister of the Treasury who, in an address to parliament, said, "Give me a sound policy and I will give you sound finances." In the present times, by force of the new elements that are now entering into the relations among peoples, that recommendation could be transposed, to read, "Give us sound and firm commercial ties and we will give you sound diplomacy."

In the intercourse of nations, policies orientate in accordance with interests, moral as well as material, which to be fruitful must be inseparable.

The security of justice, of good order, of good faith in the observance of agreements, are as indispensable as cheap production, or transportation or credit. Moral factors give life to economic factors; indeed, if it were possible to condense those different moral elements into a single word, that word would be "Confidence." We must inspire and above all we must merit, confidence. But confidence is gained only through mutual acquaintance and frequent trade intercourse—two desirable ends sought to be achieved, as I understand, by these periodical reunions initiated and stimulated by the Pan American Union.

Thus the Latin American here meets the Anglo-Saxon American for exchange of idea and viewpoint; here the former is disabused of his distorted illusions concerning the greed, and what has come to be called the imperialism, of the Yankee, and here also the latter learns that unreliableness, incurable indolence, and chronic disorder are not characteristic ailments of the Latin American Republics as so often represented. Neither imperialism nor anarchy is the reality; these false conceptions are among the many fatal words that fix themselves in the mind and form general convictions that are exceedingly difficult to uproot.

On our part—and I believe I speak for all Chileans—we wish to be known for our good points as well as for our defects, in order that we may profit by the former and correct the latter. No concrete business may issue out of the present

reunion, but the delegates will at least go back to their business with fuller ideas and with a determination to know us better and accord to us more equitable judgments. The rest will be accomplished by their commercial activities pursued freely, according to their various ideas and methods, and for the mutual profit that constitutes the essence of every mercantile transaction.

Commerce needs no tutelage; the more it is left untrammelled the more favorable will be its growth and development through its own creative powers spurred on by the incitement to gain, by competition and even by the gratification of achievement.

A general who conquers on the field of battle, through destructive forces, acquires no such glory as that which is achieved by an inventor, or by a great captain of industry, through constructive work that brings alleviation and betterment into the living conditions of the people. And yet we see erected in our cities more statues to the former than to the latter, which, in my judgment, is an expression of popular thought erroneous and fatal to human happiness. Fulton and Edison, much more than Napoleon, have altered the course of humanity.

Gentlemen: You belong to the army that constructs and consolidates, to the great army of well-meaning men who spread peace throughout the world. Your battle is fought in the field of labor wherein many virtues are constantly called into service. On that field your patriotism will shine; on that field the greatness of your nations will be maintained.

These congresses of merchants may be likened to the general staffs of armies by which campaigns are planned. It is my earnest and concluding wish that your campaign may be crowned with success.

THE ASSISTANT SECRETARY OF STATE (Chairman): The Chairman of the Governing Board of the Pan American Union has received various messages from presidents and distinguished statesmen in our sister republics. I should like to read to the Conference some of these messages.

(Reading):

From His Excellency Juan Luis Sanfuentes, President of Chile.

Chairman of the Board of the Pan American Union.

Please convey to the Commercial Conference, which is about to meet, my best wishes that the results of its deliberations may be beneficial for the strengthening of commercial relations between the countries of America.

From His Excellency Marco Fidel Suárez, President of Colombia.

Minister of Colombia, Washington.

Please congratulate the Second Pan American Conference on my behalf and express to the delegates my best wishes for the success of their labors.

From His Excellency Alfredo Baquerizo Moreno, President of Ecuador.

Minister of Ecuador, Washington.

Please say to the Chairman of the Governing Board of the Pan American Union: "I send my cordial greetings to the Second Pan American Conference now assembled at Washington under auspices of the Pan American Union. The people and Government of Ecuador look with great interest and cordiality upon all efforts towards the re-establishment of world commerce to normal conditions, and specially for the increase of our commerce with that of the United States. I congratulate the delegates who have come from all parts of our American Continent and trust that their labors may be crowned with the highest measure of success."

From His Excellency Manuel Estrada Cabrera, President of Guatemala.

Chairman of the Governing Board of the Pan American Union.

On the inauguration of the Commercial Conference under the auspices of the Pan American Union I have the honor to tender that important gathering, through Your Excellency, my sincere congratulations and my fervent wishes for the brilliant success of its interesting labors, and for the improvement and expansion of the commercial relations among the peoples of America.

From His Excellency J. A. Utrecho, Minister of Foreign Relations of Nicaragua.
Chairman, Second Pan American Commercial Conference.

On behalf of the Nicaraguan Government I am pleased to send to the Second Pan American Commercial Conference cordial greetings and expressions of my best desires for its success.

From His Excellency Belisario Porras, President of Panama.
Pan American Commercial Conference, Washington.

With the return of peace, commercial activities will seek new fields and none more promising than Latin America with its rising population and unlimited quantities of raw materials. No doubt the present Pan American Commercial Conference will promote the new situation made brighter by the splendid achievement of the Panama Canal from whose shores I send you a word of greeting.

From His Excellency José Pardo, President of Peru.
Chairman of the Governing Board of the Pan American Union.

On the inauguration of the Second Pan American Commercial Conference, I fervently hope that the resolutions adopted by it will insure the progressive development of commercial relations among the American countries, thus consolidating continental solidarity and binding closer the ties uniting the nations of America.

From His Excellency the Secretary for Foreign Affairs of Salvador.
Minister of Salvador, Washington.

Congratulate the Chairman of the Governing Board of the Pan American Union on behalf of my Government.

From His Excellency Baltasar Brum, President of Uruguay.
Chairman of the Governing Board of the Pan American Union.

On the inauguration of the Commercial Congress which has been called under the patronage of your important organization, I beg to express my most earnest hope that the highest success may crown your important work. The further development of Pan American commercial relations will strengthen our efforts and is one of the factors which will contribute most effectively to the realization of the lofty Pan American ideals.

From His Excellency V. Márquez Bustillos, Provisional President of Venezuela.
Chairman of the Governing Board of the Pan American Union.

Accept my congratulations on the meeting of the Commercial Conference which will consider the problems of Pan American commerce and will contribute to the strengthening of the bonds of fraternity and economic solidarity among the peoples of America.

We in this country are fortunate in having as the representative of Bolivia a man of great ability and a firm exponent and friend of Pan America. Señor Calderón has been the representative of his Government in Washington for over fifteen years, during which time he has won the hearts of the men and women of this country. We know him to be a man of great intellect and broad sympathies, who represents his Government in the highest sense of that word. In view of his long residence here he is the dean of the Latin American Ministers in Washington and in this capacity will address the Conference.

THE MINISTER OF BOLIVIA: Mr. Chairman, before commencing my few words of welcome to you, I beg to read a cablegram I received from my President:

"I request you to convey to the Pan American Commercial Conference at its inaugural session the greetings and adherence of the Bolivian Government to the noble spirit of American solidarity which it represents.

JOSE GUTIERREZ GUERRA."

The Governing Board of the Pan American Union bids you a hearty welcome to this beautiful home of ours, where we meet now in a friendly spirit to discuss our common interests.

I consider that the present Conference is somewhat different from the ordinary reunions of business men. The occasion on which we meet, the new era opened as a result of the momentous struggle to save and preserve right, the necessity of studying the changed political, economic and social situation of the world, give to our meeting a deeper and more significant meaning.

The criminal and premeditated attempt to revive the mediaeval regime of military autocracy, awakened a universal protest particularly amongst the Republics of America. The United States true to its traditions entered into the contest calling to action all its enormous resources, and decisively contributed to the victory. Its citizen soldiers proved themselves true knights without fear of reproach. With unconquerable determination and courage they made the stars and the stripes once more the emblem of victory and freedom. The share of the women of America in this crisis was no less commendable. Their heroic self sacrifices at home, in the hospitals and at the front; their constant devotion to the care of the wounded, brought them cheer and comfort. The United States came at once to the front as a leading nation, the representative of the gospel of popular rights. The unholy alliance of despotic monarchs crumbled down and a league of free nations, born at the inspiration of American ideals, came as the harbinger of peace. The last survivors of autocracy entrenched in Germany, Austria and Turkey were swept away and new nationalities sprung up to life and liberty.

The world is alive with the spirit of freedom and right. We would fail to read the signs of the times if we thought that this great upheaval is merely political. Society is shaking from its foundations, and new hopes are being cherished everywhere. Many years ago the so-called captains of industry used to express their conception of the relations of capital to the public and to the wage earners in a way that showed the greatest contempt for the public and the workmen. Today any man or corporation that would ignore the right of the public to a proper and just treatment, or expect that workmen must be satisfied with whatever pay they are given, would be considered as an enemy of the community.

The autocracy of capital is passing away. The rights of labor to receive a proper compensation freely and voluntarily agreed upon is now recognized without question. The people's right to demand the necessary attention to its comfort cannot be ignored.

One of the most important results of the war is the changed situation of the United States from a debtor to a creditor nation. The significance of that fact in the economic relations of the Pan American Union is very important.

The exports and imports from the Latin American republics to the United States have increased during the war at an astonishing rate. Take for instance Bolivia; we see that from 1913 to 1917 the exports to this country jumped from two hundred and eighty thousand dollars to nearly twelve million dollars, while the exports from the United States to Bolivia increased from two and a half million dollars to sixteen and a half millions. The problem is now whether this increase can be maintained and improved. My opinion is that the solution rests with the capitalists and business men of this country.

Think of the variety of rich and useful products that Latin America possesses and how little has so far been utilized. The world owes to America the most popular articles of food, such as potatoes, corn, cacao, medicinal plants like quinine, and coca, and yet the wealth of its secular forests and great valleys has hardly been touched. The wonderful river system of South America remains undeveloped, notwithstanding that its utilization could bring exceedingly important and rich results.

Gentlemen, let us imagine a steamer starting from the Lake region of the United States going down the mighty Mississippi, reaching the Gulf of Mexico, entering from there the mouth of the Orinoco river in Venezuela, and crossing through to the Amazon, that great inland sea of South America, coming out to the Atlantic at Para, Brazil, or by a short canal (that could be easily built) going into the river La Plata to anchor in Buenos Aires or Montevideo after a journey of thousands of miles through the heart of the South American Continent and having visited every one of the southern Republics but Chile! Nothing more wonderful could be imagined as scenery; neither could we find richer lands to exploit and develop.

The high plateau of the Andes is a treasure store of all kinds of minerals that for centuries, during the Spanish domination and after, furnished most of the silver and gold for the currency of the world and its adornment.

Speaking specially of Bolivia, my country, I wish to call your attention to the great efforts we are making, partly with borrowed money and partly with our own small resources, to extend the railroads from the high plateau to our eastern forests and valleys, where all kinds of tropical products and extensive grazing fields are awaiting the facilities of cheap and easy transportation to provide commerce and industry with valuable products.

Good roads and cheap means of transportation are, as you well know, the primary conditions for an increase of traffic and commerce. The demand and consumption of foreign goods require on the other hand the development of the purchasing power, which depends on the increase of products for sale and on the use of the natural resources of the country. In most cases scarcity of capital is a hindrance that impedes many undertakings which can only be carried through by the help of banking facilities.

The United States is now in a position to provide the necessary capital for the construction of railroads and the development of the industries and resources of the southern nations, and, besides, to help them in their progress and to acquire economically the same preponderating position that its policy of right and justice has given it throughout the world. The investment of American capital would foster our common interests and contribute more than any other thing to the increase of commerce and of our friendly relations.

I must remark in this connection that nothing has helped more to create a feeling of confidence and good will towards the United States in the other American Republics than the oft repeated declarations of President Wilson that this country has no other or ulterior aim concerning them than to help them in their development and respect their sovereignty and independence. The spirit of fair play and mutual consideration, free from all desire of superiority and mistrust, is, in all ordinary relations, a strong element of good will and confidence. The strength of the Pan American Union must be based on the same spirit of justice and mutual respect, excluding all selfish sentiments.

It cannot be doubted that the war has brought us nearer to each other. We feel the unity of our political principles, the absence of any cause of antagonism, and we also feel that the spirit of peace and brotherhood is growing stronger. While in the Old World, centuries of oppression have left amongst the new nations the seeds of hatred and all manner of opposite tendencies—which even after the horrors of the war threaten to involve them in new struggles—we, in the New World, inspired by broader motives and by the desire of closer union, breathe an atmosphere of friendliness toward each other and all mankind.

What the spirit of democracy means has been admirably and touchingly shown in this country when, full of sympathy for the suffering millions of many nations on the other side of the Atlantic, every one felt the call of the heart and out of the fullness of their love contributed millions in money, food and clothing to alleviate the misery and distress of their starving fellow-beings. These noble deeds of charity, so creditable to the American people, enhanced many times the laurels won on the field of battle.

It is my earnest desire that the same spirit of friendly interest in our progress will preside over your discussions as to the means of fostering our commercial relations and welfare, which we must appreciate as something more durable than material gains. We all feel that there are higher and nobler aims; we dream of happiness, of peace, love and good will amongst all men, and finally hope for that eternal bliss where God is Supreme.

THE ASSISTANT SECRETARY OF STATE (Chairman): We in this country look to Congress for all good things—for sympathy, for encouragement, for guidance and for actual support in those things that pertain to the welfare of this country. Congress is the heart of our national organism and responds to our needs as the occasion demands.

The Speaker has very generously responded to our needs today by leaving his important duties at the Capitol to tell us, I hope, of the interest of Congress in your important deliberations. It is with the very greatest pleasure that I have

the honor to present to you the Honorable Frederick H. Gillett, the Speaker of the House of Representatives.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES: *Mr. Chairman, Your Excellencies, and Members of the Conference:* It was a great pleasure for me to steal away from my duties on the hill for a few moments to be the medium of presenting to this body the good wishes of the House of Representatives. I only regret that as the House is still in session I must hurry back without enjoying the further proceedings of this body.

I have a long time been interested in what was first the Bureau of the American Republics and what, under the wise and popular leadership of its Director, Mr. Barrett, has grown to be the Pan American Union, whose Governing Board is really in a broad sense the legislative body of the United States of America. I have been interested in it simply by watching its growth, and because the region from which I come, New England, has large industrial connections and has in trade relations been closely connected with our South American friends. We have exported; we have also imported—indeed, I believe at present our imports exceed our exports, and I certainly desire that those trade relations as well as the relations of friendship and amity shall constantly be strengthened and shall grow.

There has been established lately in our American colleges professorships and courses of study which deal directly with Latin America, showing the increased interest there is in the United States and which I hope will be reciprocal, leading not only to increased trade, but also to increased intimacy and friendliness which will not cease until there shall all and everywhere be acknowledged that a fellow feeling exists amongst us all.

There is peculiar hope, it seems to me, just now that the relations of North America and South America can be closer and better than ever before because this war has fortunately—or unfortunately some may think—left the United States with an enormous merchant marine which perhaps would not have ever been developed for years except for that. It seems to me the natural and necessary result of that is to bring us all closer together. I trust that all the cities on both coasts of this hemisphere will soon have regular, immediate connections with each other so that, instead of that being a stopping place for steamers from Europe to South and to North America, we will have these direct lines which are bound to have a great result in tightening the influence and the cordial relations between the two Americas.

I, and all of us in the United States, appreciate very much the sympathy which we experienced from some of the Latin American republics during the recent war, which led them to unite and to risk their fortunes with ours. That certainly has induced on our part a warmth of feeling and of sympathy which we had not felt before. It was natural and, it seems to me, necessary, for, after all, all the countries on this whole hemisphere have now the same principle of popular government. We are all alike in trusting to the people. We believe that it is the people that shall rule, and at the same time I think all our experience will bring home to us that, in popular government as in every other kind of government, our hopes of prosperity and progress lie in the constant supremacy of the law.

The people make the law and the people must obey the law until the people, in a legal manner, change the law. We want the supremacy of the law and we all fear the despotism of the mob just as much as the despotism of the tyrant. The undercurrent of popular feeling in all the American countries ought to be now the same, and there should be nothing that would separate us.

I want to endorse specifically what was so well said by the Vice President. I thoroughly agree with him that America has not the slightest feeling of envy or hostility towards any of our brethren on this Continent. For one, there is not a foot of land on this hemisphere that I covet or would take for the United States. There is not any influence which I would try to exert over the other countries of the Pan American Union except the warm influence of friendship or what, under circumstances, we would agree was best for that country itself.

And in that, it seems to me, we all ought to be united. We all ought to feel that the people of this hemisphere have a state by themselves and they have a common interest and purpose and obligation, and we ought to feel that, if there is any country here which does not comply with its obligations, which does not uphold the rights of international law, which does not make property and life secure, that is an offense, not to any one of the other nations, but to this whole hemisphere, because all of us suffer the stigma from it. We suffer not simply the lawless violence

that comes therefrom but we are all united in one family fellowship and, therefore, we all incur some reproach in our reputation for what any country loses.

In this day, when all nations are being brought into closer contact than ever before, when every thoughtful man is pondering on the future relationships of nations to each other, it is but natural that we here in this hemisphere; who for a century have lived under the Aegis of a doctrine which has protected us from Europe, bound together as I believe we never were before with friendship and good feeling—with friendship and good feeling which I trust the United States will be the last ever to do anything to affect—it is proper that we should gather here, and I trust this Commercial Conference will not only be efficient in adding to the commercial relations and opportunities of the New World but it will also help to bind closer together that friendship which we all desire.

I wish for you, gentlemen, in your deliberations, the utmost harmony and I trust that it may produce the most beneficent results.

THE ASSISTANT SECRETARY OF STATE (Chairman): The Chambers of Commerce of the United States are the bone and sinew of our commercial life. Their cooperation, therefore, is essential if we are to carry out the ideal of Pan Americanism. The Chambers of Commerce are grouped together under a confederation whose President is with us today. It gives me particular pleasure, therefore, to present to you Mr. Homer L. Ferguson, the President of the Chamber of Commerce of the United States, to whom we look for guidance and inspiration.

THE PRESIDENT OF THE CHAMBER OF COMMERCE OF THE UNITED STATES: *Mr. Secretary, Your Excellencies, Ladies and Gentlemen:* On behalf of the Chamber of Commerce of the United States I desire to express the honor and pleasure which it feels in participating in this Second Pan American Commercial Conference.

You have been assured by the Speaker of the House of Representatives and the Vice President of the United States that this nation has no political designs on any of our neighbor Republics. But I wish to say as representing the business men of the United States, that we are not in the same category! We have designs on Central and South America, and I shall attempt in a few words to tell you how we propose to carry out those designs!

The war has wrought tremendous changes in commerce the world over and we found that between our country and our sister Republics to the south there was a lack of shipping and of communication which has well nigh destroyed our commerce in certain directions, and we found, too, that the war had brought us closer together in a business way, made us more dependent on each other and made us realize that our commerce was an affair quite vital to many sections of our respective countries, and that this commerce should be, insofar as it is possible, independent of disturbances in other portions of the world.

The Chamber of Commerce of the United States has been quite active in promulgating the work in connection with the Central and South American Republics, which has already borne fruit. I refer to the commercial arbitration treaties, the principal one of which so far has been arranged between Argentina as represented by their Chamber of Commerce, and the Chamber of Commerce of the United States. Under this arbitration treaty all commercial questions in dispute, such as the quality of goods, difference in interpreting specifications, shortages, condition in which perishable goods arrive, and a thousand other things which formerly had been settled after tremendous delays and frequently after long litigation by reference to a London Arbitration Board, may now be settled by reference to a Board of Arbitration which exists both in Argentina and in the United States.

A similar convention is being concluded with Uruguay and four other conventions are in course of preparation with other countries of Latin America. These conventions stand for peace and good will and fair dealing. As an American business man I desire to assure the gentlemen representing the great countries to the South of us that I appreciate the fact that, in order to do business with you and to do it successfully and to keep on doing business with you, it is absolutely necessary that fair play shall obtain from the start to finish, that you shall get the kind and character of goods that you desire, that they shall be put up in such manner as your trade shall require, and that the business shall be just as satisfactory to you as it is to us. On no other basis can a prosperous trade be built.

When I say that we have designs on business in Central and South America, I say it with that idea in mind—that this business shall be so fair and so honorable that it will appeal to your people and that it will be a pleasure to your people and to our people to continue in that business.

There is one feature of our trade which perhaps appeals to me very largely, as I am a ship builder. Years ago in Glasgow, about twenty-five years ago, I had the pleasure of going to school with several distinguished engineers from respectively Argentina, Uruguay and Brazil. In the course of two or three years over there we came to know each other very well. I assure you that those of us who had the pleasure of associating with these young men came to have for them a very high regard, came to find out that they were inspired by fine motives, and that they made most excellent engineers.

Having been born and bred an engineer, as it were, I presume I am somewhat partial to that profession, and I do feel that along the line of engineering and commercial engineering lies the great future of Central and South America. Enormous countries are waiting the magic wand of the engineer to make life more comfortable for the people there, to make difficult things more easy!

But before we can get to South America or you can get here in peace and comfort, before we can deal with Central America, it is necessary that the means of communication between us be made more comfortable, more regular, so that you can come here just as easily as you can go to Europe. It seems to me that the shipping and all the correlated questions pertaining to a merchant marine are vital and necessary to the upbuilding of great trade between the states of this western continent, and that the reason why that trade has not been built to much greater proportions before now has been due to the fact that you and we have lacked that shipping.

It is true that we have provided a large number of ships during the war emergency and at the present time two hundred and twenty-six vessels are operating in the South American trade, having a gross total tonnage of eight hundred and sixty-four thousand tons, a larger number of vessels of the United States than have ever operated to South America before. It is also very probable that many of the vessels now bringing our troops home from Europe will be allocated to the Central and South American trade so that convenience and promptness of access both for freight and passengers will soon be provided.

This is but the beginning. It is not only necessary that we have ships to trade with you, but it is also very necessary and desirable that you have ships to trade with us. Eighty-five millions of people live in the Republics south of the United States and these eighty-five millions of people themselves, no more than we, should be dependent for the carriage of their products and for themselves on ships of other countries than their own, or than the countries with which they do business. It is very necessary that we at least have a due proportion of this commerce between Central and South America and the United States in our own hands. Otherwise that commerce will never amount to very much and certainly not to half as much as it would were the means of carriage, including banking, finance, insurance, credits and the like, in the hands of the countries to whom it belongs.

Many distinguished Americans have gone to Latin America looking for business, looking for opportunity, looking over the country. It would be a splendid thing if our great manufacturing concerns sent, not their second or third or fifth or tenth men, but the heads themselves of those concerns to see the conditions for themselves and to realize what has been realized most clearly by all America, by all citizens of the United States who have gone to Central and South America—that the lack of communication, that the lack of direct communication, in ships owned by the respective countries is the greatest drawback to our trade.

When Mr. McAdoo returned with the International High Commission in 1916 he and many of the gentlemen who were associated with him were struck with that point; that, for instance in Argentina, that great city, as large as Chicago, as rich as Chicago, and said by experts to be a handsomer and finer city than Chicago, should be without proper means of communication with the great Republic of the North.

We must have these things if trade between us is to prosper and I believe trade, which is a mutual benefit to both countries, carried on in all fairness, carried on with that courtesy, with that fine spirit which so belongs to the people of the Republics south of us and which is second nature with them, will do more to cement the friendship and do more to tie us with our brothers on this great con-

tinient than all of the treaties that may be written. I mean not only trade in goods but intercommunication, visiting with each other—and I hope to live to see the time when our boys and our young men will go to Latin America to complete their education just as we hope that their young men will come up here to complete theirs.

In closing, gentlemen, on the part of the business men, I desire to express my appreciation at being here today and to assure our distinguished friends and representatives from the great Republics south of us that the business men of the United States are more than anxious to prove to them that we desire that all of our business with them and our communications with them shall be of such a character that they will choose to come and see us again.

THE ASSISTANT SECRETARY OF STATE (Chairman): Gentlemen, the Honorable Leo S. Rowe, Assistant Secretary of the Treasury, desires to present a motion to the Conference.

THE ASSISTANT SECRETARY OF THE TREASURY: Gentlemen, I beg to move that this Conference express a deep sense of appreciation of the cordial messages that have been received from the chief executives of the various American republics, and that the Conference furthermore respectfully request the Committee of the Governing Board in charge of this Conference to transmit its appreciation as soon as they may deem it possible.¹

MR. ALFREDO vdH. COLLAO, New York City: As a Latin American, I wish to second the motion.

(The motion was unanimously carried).

THE ASSISTANT SECRETARY OF STATE (Chairman): I will now ask Director General Barrett to say a few words.

DIRECTOR GENERAL BARRETT: *Mr. Chairman, Members of the Board:* We have come to that point of the program where the necessary announcements must be made.

(Announcements.)

Adjournment.

MONDAY EVENING SESSION

The Conference was called to order at 8:30 by Director General Barrett, who presided over the session.

(Announcements.)

DIRECTOR GENERAL BARRETT (After reading the rules of the Conference): Ladies and gentlemen, I have great pleasure in presenting to you for a brief word of welcome, on behalf of this capital city, the man who corresponds in other cities to the mayor, a very able, efficient and popular officer, a man whom I have known personally for a great many years, who is filling that high position today with credit to himself and to the capital of the United States. It is a real satisfaction to introduce Honorable Louis Brownlow, President of the Board of Commissioners of the District of Columbia.

THE PRESIDENT OF THE BOARD OF COMMISSIONERS OF THE DISTRICT OF COLUMBIA: *My fellow Americans:* I wonder if the presiding officer read those rules for my especial benefit. I don't think that it would have been possible for him to have erred so far as to think that I needed a reminder not to indulge in politics, because I happen to be, for the time being, the chief executive of a city where there is no politics. Washington, you know, is utterly non-political. Perhaps it may have some political aspects in its character as the capital of the

¹In line with this motion, telegrams were transmitted by the Chairman of the Governing Board of Pan American Union acknowledging the messages referred to.

United States, but as a city, as a municipality, its people have no vote and there is no politics here and we never have an election. I was not chosen to be mayor of this city by the free vote of its citizens, but appointed to that position, and you can readily understand that it would be quite impossible for me to have any political views or, if I had them, to express them.

And in so far as the ten minute limit is concerned, that may have been necessary, for were I to indulge myself to the extent of speaking to you of the significance of such meetings as yours in this capital of this Republic, I could not content myself with ten minutes nor could I in that brief time hope to compact the thoughts that arise within me.

But I am not here to participate in your discussions, or to attempt to instruct, but to fulfill a most pleasurable duty: That of bidding you welcome, most heartily, to the District of Columbia, to the city of Washington, to the capital of the United States.

Only a little while ago this capital was a village among cities and a by-way among the capitals of the world, but in the last two decades it has seemed to me annually to gather a greater and greater importance and from month to month to assume among the cities of the world a more significant place.

One of the very great days in the history of this city was when a great many men representing all of the nations of the western world came to this place at the ceremony of the laying of the cornerstone of this building and from that time, from the time of the dedication of this building, this has been a center where the people of all the Americas have come to counsel together for the good of all the nations of the west. In the past two or three years a great many more people have come to this city than ever lived here before; a great deal more has been done here than ever had been done before, but I want to assure every visitor within our gates that the spirit of Washington continues to be the spirit of the man for whom the city is named. Our people here welcome you for your discussions in the hope and the belief that great good will result from your common counsel, not only for the people of our country, the United States, but also for the people of every country in America. For such meetings we believe Washington is an ideal city and for such conferences this building, with its history and its traditions, an ideal place.

I want to assure each and every one of you that while you are here you are the guests of the hospitable people who desire to do everything that they can do for your comfort and who have at all times in their hearts the liveliest and most cordial sympathy for you and your aspirations.

DIRECTOR GENERAL BARRETT: A great and powerful commercial organization exists in this city that has at its head one of the most forceful and unselfish, hardworking citizens of the District of Columbia, who is here just to say a word of welcome on behalf of his organization. I have pleasure in introducing to you Mr. R. N. Harper, President of the Washington Chamber of Commerce.

THE PRESIDENT OF THE WASHINGTON CHAMBER OF COMMERCE: *Mr. Chairman, Ladies and Gentlemen and Visiting Delegates:* It is useless for me to say that it is a pleasure on my own behalf as an individual inhabitant of the District of Columbia and as President of the Washington Chamber of Commerce—that it is with great pleasure that we welcome you upon this occasion and particularly on account of the mission in which you are here to take part.

I used the word "Inhabitant" of the District of Columbia on account of what Commissioner Brownlow had said, that we are here as only inhabitants of the District of Columbia, not being able to exercise the right of citizenship and we are beginning to feel it. We hope that we can make others feel it, and they will come around our way, as we are governed entirely by others and not by ourselves.

The city of Washington, the capital of what we think and believe we have a right to think one of the greatest Republics on the globe, is of importance now in the eyes of the entire world. We do hold a unique position, or have held, all the time in the past, in having our time mostly occupied in things political and social. But there is a new generation being born at the nation's capital with new ideas, advanced thought, and we are coming to believe and assert that commerce and manufacturing at the nation's capital should be of the same importance as is noted in the capitals of the great countries abroad.

The location of this capital city is in every way inviting that commerce should be started from this very center of political operations. We are located

in one of the most fertile agricultural sections of the country; we have all of the raw material for manufacturing purposes that could supply the world, and this city particularly has deep water transportation to the sea; it has terminal facilities for all of the trunk lines that traverse the entire country and, above all, we have the disposition to stretch out over the country and bring in the dollars from the other people. But in doing it we want to give value for whatever we receive!

There is little that I can say or add to that which has already been so well said by our Commissioner, excepting, I notice, that he did not say to you visitors that the Police Department will be blind to anything that you do, the traffic regulations will not be entirely alert—that is, only to the outsider. We ask you, however, to be cautious for yourself and we will try and take care of you under those conditions.

Now that you are here with these great problems that are before you, I feel sure that the relations of this country and of your own countries will be more deeply cemented and that all sections of Pan America will be benefited from the deliberations of this Conference.

I wrote an article here some years ago in regard to the climate of Washington and stated that the climate was always pleasant and that you could work out of doors all the year round. The next winter we had snow from November until about the first of March. Now we are having some heat, but Mr. Brownlow has assured Mr. Barrett that that will be attended to in the morning.

Ladies and Gentlemen and Visiting Delegates, may I repeat that the Washington Chamber of Commerce, as far as it is within the power of all of us, extends to you a most hearty welcome to the nation's capital and we hope that you will find it as pleasant to you as I can assure you your being here will be to us. I thank you.

DIRECTOR GENERAL BARRETT: Ladies and gentlemen, it is an interesting thing that at this moment will begin the actual practical work of this Conference, and it is a very good omen that beginning alphabetically with the great country of Argentina, we have here three representative Argentinians. First, I refer to Mr. Pablo Roth. If any man is typical of the great business life of that mighty land of the South, it is he. He is just as much of the heart of Argentina in business as any representative business man of this country is of the United States. That shows the kind of a Conference we are holding, ladies and gentlemen! This is no ordinary play-time gathering. Dr. Enrique Gil is one of the leading lawyers of New York and Buenos Aires, Argentina, and well informed upon the commerce and trade of his country. Then Mr. Ingeniero Jacinto Anchorena is one of the great engineers of that country.

I now introduce to you for a brief, practical statement in regard to this great country a man who is the managing director of the Union Trading Company of Buenos Aires, Mr. Pablo Roth.

MR. PABLO ROTH, of Buenos Aires: (The paper read appears on page 91).

DIRECTOR GENERAL BARRETT: In order that we may get the full benefit of this paper the discussion of Argentina is now open to the house not for any speech at this moment, but for practical suggestions or inquiries of a proper character from some member of the Conference.

MR. FRANCIS B. PURDIE, of New York: It has been stated numerous times that prior to the war the Argentine Republic purchased from the United States only the things they could not get anywhere else, such as oil, agricultural machinery, lumber, etc.; that during the war they purchased what they could not get anywhere else and what by necessity they were forced to get from the United States. They have built up a very large trade now. The question is, Is there a citizen of Argentina here that will give us some promise as to the future perhaps depending upon ourselves, perhaps depending upon the change of sentiment in Argentina towards the United States as to what the outlook in the future will be? Are we to lose what we have gained? If we are to keep what we have now, what must we do to keep it?

MR. JACINTO ANCHORENA, of Buenos Aires: If I am not mistaken the question is this: How can the increase of commerce between Argentina and

the United States during the war be maintained? I will try to answer. First of all, why did not Argentina buy more from the United States before the war? Simply because she got better conditions of payment, more facilities from the European markets than from your manufacturers. Now, if you put yourselves on an equal footing with them, certainly our sympathy is with you. There is no doubt about it, and we will buy your goods; but you know that business is business, and if you cannot put yourselves on an equal footing with European manufacturers, we shall have to go back to them or to anybody else who can give us good terms of payment, goods well boxed and in good condition, and, above all, one who, when we place an order with him, gives us the right thing. That is the hardest of all, because, as a rule, you have special names for the things that you export to Argentina and to other South American countries, and I must tell you the truth, very likely that is done to mislead the buyer in such a way that he cannot get prices from other sources, because the article is not known by that name in the European markets.

DIRECTOR GENERAL BARRETT: I am sure that is the kind of discussion we like. It has aroused the interest of everybody.

Mr. Purdie, you lived a long time in Buenos Aires. Will you please give us some practical suggestions from your own viewpoint?

MR. PURDIE: First I want to say that in Argentina there is for those who have not been there absolute freedom to do anything you please so long as you obey the laws of the country. You can worship whatever god you please and whatever way you may please, and you can do business in any way you want to do it, so long as you are within the law. Another thing I discovered down there is this: That if you keep your word, keep your faith with the people, you will do business and do it all the time.

I also found out that Argentina has been largely benefited by money invested in it from the outside world in building railroads, in establishing banks and industries and in giving impetus to the life of the country and enabling the natural resources of the Argentine to be profitably exploited for the benefit of the people of the country.

We should never forget that when we go into a country for profit we should always consider its people and never seek to going to exploit them and take away from them without giving them anything in return. The reason why I wanted to ask that question was to bring out this point, that we have been, evidently, expecting to go down there and do a great big business and a great many of our people do not think of giving any return for it. The reason why there was not a large trade with the United States before the war is due to the fact that the sense of loyalty of the Argentines was to the people who put their capital there with them and intrusted that capital with them. Practically speaking, there was no American capital.

Is it not reasonable to suppose that they would give their trade to the country that put its money with them and helped them build up a rich country? Therefore, I say the United States cannot hope to succeed in the Argentine Republic or any other country of Latin America unless it gives something as well, unless it invests money down there and unless it absolutely keeps its faith.

That is the thing that I want to impress upon everybody—the Golden Rule. Do not let it be merely words, but deeds, that when we say we will do a thing we will keep our word, we shall be honorable men, we shall be American gentlemen and be known as honorable men in all our business dealings. In that way we shall win the trade and make friends with them.

MR. V. L. HAVENS, of New York: I have been in Argentina and I have also attended a great many conferences where the question came up as to the attitude which we have assumed toward Latin America. It is just as well from time to time to find out if some of the fundamental arguments are sound.

The question has been asked as to why the United States did not enjoy a large share of the trade of the people of Argentina before the war. Statistics would indicate that they did not, provided one simply read the statistics as they are, but we do know that the Argentine bought more from the United States than we have bought from them. We also know that the things they bought in the United States were the things which people use. The sales of American products were distributed more widely throughout Argentina before the war than the sales

of any other country, but the total value of the sales to Argentina were greater from European countries than from the United States because of the great investments of the European nations in Argentina.

To cite one particular product—coal for the railways. In the last normal year before the war Argentina bought \$27,999,000 worth of coal from abroad. Britain sold \$26,800,000 worth of that coal, but it was not used by the people of Argentina, it was used by the British railways, financed with British capital under the control of the British officers, and just as much of a British railway as regards the operating system and control as it would have been had it been in Great Britain.

Now, we can never hope to get that business because the people who put up the money for the railways and who are interested in industry in Great Britain will make their purchases there, but we must not deceive ourselves and permit people to tell us that we are not pleasing the Argentine people when, after discounting the sales to the great public utilities controlled by foreign capital, we sell the majority of the goods used by the people. Where does the agricultural machinery used in the Argentine come from? It comes from the United States. Agriculture is the great business of the country and we have not only sold the agricultural equipment there a few years, but we have done it for many years and the people are satisfied with the equipment.

I was at one time, for a short while, Commercial Attaché of the American Embassy in Buenos Aires. I was asked to go there by our Government to learn why there was this eternal, continuous criticism against the Argentine people on the part of American manufacturers. The papers of Buenos Aires and of Europe were full of it; it was heralded far and wide that American business men were shipping goods to Argentina that were not what they promised to ship, that the terms which they were offering were not what the people required and that everything was against us here in the United States. I wanted to be absolutely fair and I was really looking for something to justify my trip to Argentina. I went there especially to find out what we were doing that was so vitally wrong and would lead us to be criticized by everybody in Buenos Aires and New York. So I selected all the complaints I could find in the American Consulate and went to the head of the Chamber of Commerce in Buenos Aires and asked him if he had any complaints. He said he had. We sifted them out and we found nine, three of which were on printing paper and four on leather. I took the matter up with the head of the Chamber of Commerce in Buenos Aires. The facts were placed freely before him. The commercial representative of the National City Bank did everything he could to place the full facts before him, as did the Secretary of the American Chamber of Commerce in Buenos Aires, and the head of the Chamber of Commerce in Buenos Aires gave out an interview by himself to the press to the effect that he had investigated these complaints and that they were unfounded.

I do not say that complaints are not entirely unfounded in the broad, general way. I mean there has been room for much criticism on the part of American shippers to Argentina, but that room for complaint has been found between business men of two different countries the world over. They are little things. Occasionally there is something big, but generally they are some little things that happen because of the lack of knowledge between the people, the long distance from the market, the fact that the people of Argentina did not know our products.

Another thing that made a lot of trouble during the war time was that we could not turn out the products that Argentina required; but likewise we could not produce the articles we required for ourselves in this country and it was only through special concession that the manufacturers got the consent of the War Trade Board or authorities here to get anything out of the country, and lots of them were wrong, but we knew they were wrong and we also had to use them here in this country. We could not give credit for six months during the war, and there was not a house in Europe that gave credit during the war. When the war was over, we gave credit just the same as they did.

MR. PABLO ROTH: This gentleman just now has made two mistakes. One of them is that we buy more than we export. Two years ago we bought in the States sixty million dollars' worth of goods and we exported a hundred and fifty millions. That is twice as much as we imported.¹

¹It should be borne in mind, however, that these figures are for 1917, and that under normal times the imports from the United States into Argentina are greater than the exports to the United States.—Editor.

Another thing about which he is mistaken is the complaints, that he found only nine. Now my firm in Buenos Aires doesn't go to the Chamber of Commerce to make its complaints, it goes directly to New York, and so, of course, the Chamber of Commerce didn't know anything about my complaints. It's the same in the case of anybody else. I don't go to the American Embassy to make a claim for goods that have come in bad condition to me. That's why you haven't seen more claims. If you had gone around to business houses you'd have found more of them.

MR. PEMBERTON SMITH, of New York: I lived ten years in Argentina, representing a medical firm there, and you ask for a practical suggestion. May I make it? Most American firms start a man to make the tour of South America and lay out an itinerary which he is supposed to follow as to date, steamers, etc. They give about two weeks to Buenos Aires. Two months is none too much, two years is none too much. If you are going to send a man around to South America, do not tie him down to an itinerary. He will arrive there, it will take him a certain length of time to make his calls on people, then they will want to look him up. By that time he is off on a steamer and has accomplished nothing.

Let him go there with the expectation of staying in Buenos Aires, where there are a million and a half people and quite enough business to warrant his staying three months, and at the end of three months he will have done something worth while. At the end of three weeks they will hardly know his name. That is a practical suggestion.

MR. C. F. DEICHMAN (American Consul, Santos, Brazil): I can state, Mr. Chairman, that what Mr. Smith has just said will apply to practically all the South American countries. The trouble is that the average American manufacturer does not care to spend the money necessary for a trade campaign. In most cases he expects a two-cent stamp and a letter to bring him a large order. If the correspondence at the average American Consulate could be read it would surprise many of you. The way to get foreign business and to get it not only in Argentina but in all the other countries is by active trade campaigns very much in the same manner that you would do so in this country. It is necessary to send men to sell your goods who understand them thoroughly. The idea is to find out the business conditions, and such a man should be thoroughly familiar with what he has to sell and be given sufficient time to look up the business firms in the cities he is visiting and in which he expects to sell his goods.

In other words, he must familiarize himself with the conditions in that country, be there a certain number of weeks or possibly months to get the viewpoint and to have an opportunity of studying the firm, to find out which firms are reliable, which firms are in a position to handle the goods and also able to import on their own account and perhaps sell to retailers or to smaller concerns in that country. It requires an active and intelligent trade campaign, the same as would be necessary to introduce or to sell goods in this country.

In Brazil, where I have been stationed the past three years, the same conditions to a certain extent hold good. There are a number of large American export houses which have branches in the principal cities of Brazil. I believe also in Montevideo and Buenos Aires. Those are firms of large capital and they are spending it freely in acquiring trade information. They will sell anything on commission. They have their branch or distributing houses in the principal seaports of those countries and are able to study the markets at first hand, also to know the firm to whom they are selling their goods. If there is a complaint they are on the ground and ready to adjust it. That is the best way of selling goods in those countries.

Large firms or corporations, and especially large manufacturers of staple goods should have a selling branch, not a commission agency, but a branch house and an expert in charge who can at each place organize a staff from capable young business men of that country. They will assist him to sell the goods. He is there to give information about the goods and to handle the financial end of it. If there is a complaint he is there to settle it, he has authority to make good any complaint and if necessary refund the money or replace the goods.

DIRECTOR GENERAL BARRETT: I will now ask those in charge of the lantern slides for Argentina to give them as quickly as they can in order that we

may have those of Bolivia following, and you will find these of very considerable interest, I am sure.

(Lantern slides showing scenes from Argentina shown.)

DIRECTOR GENERAL BARRETT: Before we have the moving pictures of Bolivia, which are very interesting and have been carefully prepared, we want to devote a little time to that wonderful country in its commercial aspects. Dr. Julio Zamora, the eminent Financial Agent of that country, was expected to speak here, but he has been prevented by illness. His paper will be read at another session.

Statistical reports on Bolivia have been filed for the printed proceedings of the Conference.

(Bolivian pictures are shown and explained by Mr. W. A. Reid, Acting Chief Clerk of the Pan American Union.)

DIRECTOR GENERAL BARRETT: I am sure we are all very grateful to Mr. Reid, and that I express your appreciation of the way in which he has, not only clearly but also eloquently, presented these very interesting and instructive pictures in regard to a country of which we should know more.

(Announcements.)

Adjournment.



THE HALL OF THE AMERICAS OF THE PAN AMERICAN BUILDING LOOKING TOWARD THE ROSTRUM.
Especially Arranged for the Sessions of the Second Pan American Commercial Conference.

TUESDAY, JUNE 3, 1919
MORNING SESSION

The Conference was called to order at 10 o'clock by Director General Barrett, who presided over the session. He announced that he had prepared a paper on "Practical Pan Americanism" in its relation to Pan American commerce, but that he would give his time to the distinguished speakers of the day, with "leave to print" his paper in the proceedings of the Conference. (See Appendix.)
(Announcements.)

DIRECTOR GENERAL BARRETT: *Ladies and Gentlemen:* I am going to introduce to you the distinguished Ambassador of Peru, one of the great statesmen of that country; a man whose name is well known all over Latin America; who has changed his plans for departure from Washington for a number of days in order that he may be here and speak to us this morning. I think we should consider it a great honor, especially when we are to have the pleasure of hearing from him in English. If we could only speak Spanish as well as he does English we would indeed be fortunate. I have great pleasure in presenting to you Dr. Francisco Tudela y Varela, Ambassador of Peru.

THE AMBASSADOR OF PERU: *Ladies and Gentlemen:* The Pan American Commercial Conference takes place under extraordinarily favorable circumstances, owing to the initiation of the period of reconstruction and balance of the economic factors of the world, so deeply shaken by the overwhelming catastrophe of the great war.

The laws of economics are fulfilled, just as other natural laws, by virtue of their power, commerce, especially, being developed through the impulse of reciprocal necessities, which spontaneously seek the means by which a satisfactory solution may be attained.

The former notwithstanding, no one can minimize the importance of these meetings, in which the directive energies of business come together for the specific purpose of obtaining the most perfect knowledge of conditions affecting the different human centers to which these energies belong.

This Conference is confronted by a fact: the extraordinary development of Latin American commerce with the United States—not as the result of artificial factors, but as the direct consequence of the natural equilibrium of commercial relations, altered by the war.

A fact of this importance neither can nor should be overlooked, and, indeed, deserves to be carefully studied so as to obtain the greatest possible advantages, from the standpoint of the welfare of the different nations of America.

This result must be achieved through the cooperation of merchants and men of business of the whole Continent, assisted by the administrative element as well as by the representatives abroad of all the countries of this hemisphere.

Second only to national solidarity, which urges each country to supply its own needs, this last crisis has affirmed the existence of a continental solidarity, still more potent than universal solidarity.

My country takes part in this Conference, convinced of the good purposes which its fulfilment implies; eager, also, that the importance of Peru, as a unit in the commercial relations of America, be duly recognized and appreciated.

Before the outbreak of the world war the greater part of my country's commerce was effected in Europe, because Peru obtained in the Old World at the same time as better prices for its products, lower prices and greater facilities for the manufactured articles which it required.

The war has radically changed this condition of affairs and in support of this statement I would point out that, while in 1913, the foreign trade of Peru with the United States was 31 per cent, the 1917 statistics give this proportion as having been raised to 65 per cent.

In order that this position may be maintained within the normal boundaries set by the recently inaugurated economic life of the world, it is important that both the buyer and seller in the United States grant the Peruvian exporter and importer greater or, at least, equal advantages which the buyers and sellers in Europe are

willing to grant. This must necessarily be the touchstone by which to judge the future importance of trade between Peru and the United States. Neither should the matter of credits be forgotten when dealing with the importation of manufactured articles into Peru. And this holds good with regard to other Latin American countries, for the European manufacturer has always granted facilities which have been denied by the American manufacturer, perhaps for the reason that his own credit is evolved under conditions different from those which affect the European manufacturer. This is a matter which deserves the most earnest attention.

With regard to conditions in Peru, these are such as to warrant the statement that my country is well prepared to receive and do justice to all enterprises tending to increase commercial and economic activities. The principal items among its exports being represented by such commodities as copper, sugar, cotton, wool, petroleum, rubber, etc., the product of industries securely established, it can be readily seen that the wealth of the country is constantly progressing and its people therefore constitute a market for the absorption of foreign manufactures necessary for its requirements.

As a proof of its solid financial condition it must be borne in mind that its gold monetary standard is established on a firm basis, the stabilization of the value of the Peruvian pound in relation to the dollar, having been obtained through an agreement with the United States Government by virtue of which part of the balances accruing from commercial transactions with this country are deposited in the Federal Reserve Bank of New York, the equivalent thereof being put into circulation in Peru. Before this agreement had been carried out the Peruvian pound was quoted at a premium of more than 20 per cent over the American dollar.

The class of products which Peru exports, the fact that the national debt is of insignificant proportion, and the circumstance that the revenue of the country is constantly increasing, all these factors constitute the surest guarantee that can be furnished as to the stability of the monetary system, the most powerful stimulus for the investment of foreign capital, which in Peru is not exposed to the risks consequent to fluctuation of the currency.

If the development of its commerce is of the greatest importance to Peru, the investment of capital in productive undertakings is of still greater moment.

Few countries offer a better field for remunerative investments than Peru. Irrigation, the building of railways and good roads, as well as mining, are especially to be recommended.

Mr. Charles W. Sutton, a distinguished engineer of New York, who has lived in Peru for some years, estimates the easily irrigable area of the coast at one million acres, of which 126,500 acres the same authority considers are immediately available for irrigation with practically no trouble. The lowest estimate is \$19 and the highest \$105 per acre for irrigating this land.

It should be remembered that arable land on the Peruvian coast increases in value every day, so that it is easy to calculate the very productive investment which irrigation constitutes in Peru.

Cotton and sugar cane, whose prices have been so much increased owing to the war, are products that have been so extensively grown that they have taken the place of others, the want of which has made itself felt by consumers in my country, with the corresponding rise in the price of these commodities, nearly all of which are articles of primary necessity.

With regard to railways, it is enough to state that the whole future of Peru is bound up in the construction of railroads, and that all those which have been projected offer returns of absolute security for the capital which may be invested in them. Several mining zones of great richness would be at once available by the construction of a few hundred miles of railway lines. To mention coal alone, although Peru possesses immense layers in different regions in the country, this article is still imported from abroad to make up the deficiency of home production.

A railway of only fifteen miles, branching from the one which starts from the splendid port of Chimbote, would solve the problem of coal supply sufficient for the needs of all the Republic and would initiate an era of domestic prosperity of almost incalculable value.

The petroleum industry in Peru is another extremely profitable opening for foreign capital. The very rich district of Talara, at the extreme north of the Republic is not the only one which could furnish abundance of mineral oil. Talara

itself is capable of further development through the establishment of other companies in that region.

It is unnecessary to state that Peru considers the investment of American capital with the warmest interest. A proof of this is furnished by the Cerro de Pasco Copper Corporation, which has obtained brilliant returns on its investments and which is at present considerably increasing its capital so as to enlarge its smelting plants.

The wonderful results obtained by this company are outlined in a report, recently published, which gives the gross income from the sale of metals in 1918 as being \$22,867,000, and dividends paid totaling \$4,393,000. It has been proved, besides, that the Cerro de Pasco Copper Corporation can be considered one of the lowest cost producers of copper in the industry, the company being able to deliver metal in New York as low as any producer and even lower than many of them.

It is unnecessary, at this time, to deal at length with the importance of sea transportation for the development of commerce and industry. This problem, fortunately, is one which holds the happiest augury for Peru, which, in addition to its own fleet of steamers, those of the Peruvian Steamship Company, notes with much satisfaction the additions made to existing lines and the bringing into service of new ones, such as that which W. R. Grace & Company contemplate establishing with New Orleans as the home port in the United States.

I have only to add, gentlemen, while thanking you for your attention to these brief remarks, that the Peruvian representatives to this Conference will give every attention to such questions as may be addressed to them on all matters which may lead to the better understanding of the conditions of the country from the standpoint of the development of its commerce and specially as regards the investment of capital in Peru.

DIRECTOR GENERAL BARRETT: I am sure that you all enjoyed the Ambassador's address, because it was thoroughly practical. That is the kind of a talk we like to have from the representatives of Latin America and the kind they like to have from those of the United States. I am glad to say that an address like that does not come under the classification, as one editorial writer said, of "Latin-American oratory," but under the head of "Latin-American facts."

I cannot tell you what pleasure I have, speaking from my own knowledge of American commercial matters, in introducing the next speaker. Long years before he became Secretary of Commerce I knew of his work in Congress. He was one of the few men who were sympathetic with those of us, a small band, who were trying in those days to awaken an interest in the relations of the United States with the sister American Republics. From the day he became Secretary of Commerce he has demonstrated the practical side of his powers of vision, and under his administration the Department of Commerce and its Bureau of Foreign and Domestic Commerce have done a wonderful work for the building up of the trade between the United States and the other American republics.

I have great pleasure in introducing to you the Honorable William C. Redfield, Secretary of Commerce of the United States.

THE SECRETARY OF COMMERCE: *Mr. Ambassador, Mr. Barrett, Gentlemen of the Conference:* As we look back five years to the conditions that existed before the war, it is as if we were looking toward an ancient period, one remotely separated from us rather than one divided from us by so brief a time.

At that time the United States was itself a debtor nation. We had built up our transportation systems, our public utilities, some of our industries by borrowing from others the free capital which we did not ourselves have in sufficient quantity. So that when the war broke out in 1914 we were debtors to the world to the extent of something like five billions of dollars. We were slowly going "over the top" of financial freedom—we had begun, but had only begun to invest our own capital in countries that needed fresh resources of credit, but we were still at that time drawing upon others for a large part of our own needs.

We lacked at that time the tools of foreign trade which our competitors had. You are, yourselves, witnesses that in many of the great South and Central American cities there were banks representing Great Britain, Germany, France, Italy and

other European countries which afforded to those nations the means of knowledge, the means of supplying credit, the means of conducting business which we at that time were almost wholly without. We lacked at that time, also, means of transportation within our own control. While emerging from the position of a debtor nation, though not yet out of that condition, we were at the same time endeavoring to conduct our foreign trade largely through the facilities provided by our competitors for their own purposes—an extraordinary position for as great a nation as our own, but one which every man familiar with the foreign field knows to have been a real one. We did our business with Central and South America through the aid, in major part, of foreign owned and controlled banking institutions and we utilized the fleets of others for conveying our commerce.

It has always been, to my mind, one of the most vital proofs of the competing power of America in the world that under these conditions she did a steadily increasing trade in manufactured products so that the great expanding item in our foreign trade was that of fully finished products which had grown to a point before the war where they exceeded the sales of our agricultural products. I cannot too strongly emphasize the picture of those times and the conditions under which we then labored because they afford a dark background against which to project the picture of the present hour.

We were a debtor nation, we were using the banks of our competitors, we were using their ships, the detailed operations of our commerce passed through the hands of those with whom we competed and were open to their scrutiny. Nevertheless, under those conditions, such was the competing power of the United States that our competitive trade grew steadily!

With the passage of five years those conditions have gone, never, we hope, to return. It is no longer necessary in a great South or Central American city for us to use the banking institutions of our competitors to do business. Information can be brought to our exporters from practically every portion of the great continent to the southward without its being divulged to any other than the person for whom it is obtained, and we are able ourselves now to extend, not as we ought but as a beginning, the credits in the field of commerce and industry which we were not able to grant at all before the war, and which our competitors did extend when we could not. That power has come to us in some measure with the promise of growth.

Furthermore, we are no longer dependent upon the fleets of our competitors for doing business with the world at large, nor need we be confined as respects our shipments of goods to routes which may be laid down by lines whose interests are not our own. I have suggested within the past ten days at the request of the Chairman of the Shipping Board two new routes, one along the Eastern and Northeastern coast of South America and one along the Northern shore of South America, primarily from the point of view of the needs of American commerce and incidentally for the purpose of providing not merely facilities for the outside world to do commerce with South America but also means of intercommunication between the states of South America themselves.

For the spirit of the Department of Commerce fully expressed is this: That these things are mutual interests, that there are not and in the long roll of time there cannot be diverse interests between the peoples of the same continent, for we are essentially one in any large and deep view of commerce and industry; that the prosperity of South and Central America is inextricably interwoven with ours, and the things which seem at times to divide us are superficial, while the basic things all tend to union.

We are, therefore, equipped as never before with the tools of trade. We did a growing trade without them, with them we expect to do a larger and more fruitful trade.

I want to speak to you of two phases of foreign trade and then to pass on to certain details of that commerce which I wish to bring to your thought. There are two ways in which foreign commerce may be carried on. Back of both lies our need of an export trade. That need can be very simply shown. Before the war, even, the industries of America were so productive that the domestic market of the United States, vast as it is, was not permanently able to absorb all the products of all our industries running continuously full time. There came times when there was surplus production for which a market had to be found abroad.

Furthermore, there were growing up in America industries which depended nearly or quite exclusively upon the foreign market and which adapted themselves

peculiarly to it. There was also, as I have suggested, the beginning of an outreach of capital into the foreign fields.

Today, as another result of the war, the output of American industries has been greatly increased. For several years every effort possible was made to extend the productive capacity of our industries. This was indeed done for purposes of war but it was very wisely guided in many industries with a definite expectation of using it for peace when the war should have ended. So that today the productive power of the United States is very much larger than it was before the war.

If it was true, therefore, that our productive power before the war, when running continuously for long periods of time, touched and at times exceeded the capacity of our own country to absorb it all, it is even more true today that we need as a matter of our own economic security, foreign markets for our products else we shall not be able continuously to run our industries full time. There is, therefore, in our outreach after foreign trade, a normal seeking to supply a home necessity.

As I have said, this foreign trade can be roughly divided into two kinds. It is not easy to define them exactly, because the necessity for definition has but just arisen and our thought has hardly become clear upon the subject. But I may say that one is the competitive and the other the constructive foreign trade. Or to state it differently one I might call commercial trading and the other national development. The one is of the hour and the day and the month; the other is for long periods of time. The one is temporary, the other permanent. The one is strictly competitive, the other is strictly constructive.

Let us look for a moment on these two possible phases of foreign trade. The second, which is the greater, the better, the more helpful, has but just become possible to the United States. The other is the one upon which hitherto we have based nearly or quite all our foreign transactions. It is a comparatively simple thing to send out into the foreign field traveling salesmen, to order them to go throughout the length and breadth of South and Central America, to offer standard goods now required in those markets at slightly lower prices than they are offered by our competitors. That, I say, is a comparatively simple thing to do. It needs no special brains or acumen to see that if goods are offered of equal quality at a lower price on similar terms and with equal transportation facilities, the better economic advantage will win.

But that process is not one which, carried to an extreme as it tends always to go, is in the long run generally helpful. For the hour, for the time, for the immediate transaction, it may amply serve. It builds nothing, it is not of a permanent character, the countries in which and from which that business is done do not gain from it any large and permanent increase of wealth and power. It is of immediate and temporary benefit only. It closes one transaction and passes on to the next. Competition of that character, at its extreme, tends always to destroy the weaker element, to aggrandize the stronger element. In any such class of business as that the drift is always toward the survival of the fittest, the organization which is economically most fit. The progress of that competitive trading, carried to its ultimate and logical conclusion, is always toward monopoly.

In competition, unregulated save by the power of the competitor, the end is the survival of the strong and the passing of the weak. It is not that class of trade which, in my judgment, is best either for South and Central America or for North America. Trade of that kind is passing into secondary importance.

The kind of trade for which we seek is that which is permanent and which sheds its benefactions alike upon buyer and seller and upon all who serve on either side. For commerce, if it is to stay, must be a servant of the public. Commerce is not a servant of the public unless it is based upon permanence of mutual interest, unless we deal together as those who buy because it is desirable they should buy and those who sell because it is desirable that they sell, and those who in this way cooperate for the mutual good. Unless we do that our commerce is essentially faulty.

Furthermore, there must not enter into the background of the purpose of trade any pursuit of national power or any extension of political authority however indirect. The world has had one very sad example of great national selfishness. It has seen the downfall of a great power, wonderfully equipped for industry, guided by the hand of science to a degree equalled by no other nation—in every material factor powerful and strong but upon its spiritual side selfish and weak. This generation has seen the great tragedy of the collapse of that selfishness and

its exposure to the world. The spirit of Germany entering into America was not a spirit intended in its essence to be helpful to America, it was not a spirit, whether manifested in Buenos Aires or New York, that was for the ultimate advancement of Buenos Aires or New York, it did not go to Valparaiso or Lima that either of the countries in which those great cities are located should be the chief beneficiary by their coming there. German enterprise went outwardly indeed for the same purposes that others went, but in its inward spirit for the growth of the power which sought to reach and to control the world for its own purposes. Those facts the world now knows.

And strong, mighty and effective as the great commercial and industrial giant Germany was, it was like the image in Holy Writ standing upon feet of clay which were finally broken away and the purposes revealed in their essential weaknesses.

No nation is powerful enough to take the place that was thus occupied and to assume the spirit that was thus used. There does not lie in economic power ability to overthrow the human spirit and the human spirit revolts and will always revolt against attempt at enthrallment by economic force. There must come into our mutual trade the spirit of service and if it is in my power to say any one word to you or to my fellow countrymen which I would write deep into their hearts and yours as the basis of all our mutual transactions in the future days, it is this thought of mutual service. Unless we serve you, we shall fail. Unless you serve us, you will fail. Unless together we serve the world by our trade, we shall all fail and those who will serve will come and take our places.

The law of service through trade may not as yet be written as clearly before the minds of the world as is the danger arising from selfishness in trade, yet it is the antithesis of that selfishness and the reaction of the commercial, the intellectual and the spiritual forces of the world must lead them to recognize in principle and carry out in practice the ideal of service in trade.

The United States is suffering now from an overdose of prosperity. We have paid the five billions we owed and there is something like twelve billions due us from those to whom we ourselves were debtors not many years ago. We have, as I have said, an enormous productive capacity which we seek the means to use. We have a huge reserve of gold behind our currency and in every element of economic power stand at the very height of prosperity. But if we glory in that position, if we regard it as power to be used only for greater gain, we shall default the moral obligations we owe the world.

This very condition, however, brings with it serious problems. For example, how shall we be paid the billions due us from the world at large? From whence and by what method shall the payment come? There are but three ways known in which debts can be paid. They can be paid in cash or in credit, which is a deferred form of cash, they can be paid in services, or they can be paid in goods. Are there any other ways of paying debts than these three?

Now, if that proposition be true, it is basic as regards all our thought of commerce in the coming days, for how shall the twelve billions with its interest be paid? In goods? Those who owe have not the goods with which to pay the twelve billions and if they had, it is not at all certain we should want them at the time and in the quantity and the kind in which they might be offered for payment.

Before the war we accepted services from other nations. We used their ships, we used their insurance companies, we used other facilities. Now we do away with those services and use our own ships and are forming our own marine and other insurance companies. The nations cannot pay us in services as once in part they did. The nations have not the cash with which to pay or the credits to give us in payment. There is not in the world sufficient free liquid cash to pay these great obligations due us.

How, then, shall the problem of our prosperity be met? We are in the position of a creditor, a kindly and I trust a generous creditor, who has due him huge sums from friends, thank God!—friends who are abundantly able so far as assets are concerned to liquidate their debt but who have not those assets ready to be speedily turned into goods, services, cash or credits to pay the debt at once. There is certainly no occasion for impatience, for neither you nor I as business men would treat a debtor who was our friend hardly when he was in such a case. There would be but one way for the business man to act toward such a debtor: that is first to say, "Take such time as you require and as we can afford to give," and second to extend to him, because he is a friend and because he is dependable.

the hand of helpfulness to aid him to pay. That is the proposition which faces the United States.

Simply because we are creditors on an enormous scale, we must help those who owe to pay us what they owe. For it would be interesting to see what would be said by an advocate of some other method, if there be one, whereby these vast sums can be repaid to us with interest in reasonable time. If there be some other way than these three that I have mentioned, I should be glad to have it suggested.

There does dawn, however, out of this problem the very constructive or development type of foreign trade to which a few moments ago I referred and so far as my thinking goes, it offers the only solution to these great problems. It also applies with peculiar force and opportunity to the nations that have great undeveloped natural resources.

We have accumulated a great wealth of free capital in the United States. What shall we do with it? It is my belief that our constructive service to the world calls on us to let this capital of ours now flow out into the world that needs it for the world's enrichment. You observe I do not say for *our* enrichment. There will come inevitably to the United States rewards from such use of its wealth abroad. There will come, I hope, to the lands in which that wealth is used far greater rewards than we can receive thereby.

The principle and practice I am now advocating are not strange to you. Your countries have gone to Great Britain, to Belgium, to France and in part to Germany and Italy for funds with which to develop your own lands just exactly as we ourselves did in the last century. The money that was thus invested in your lands and in our land from abroad brought, of course, a reward to those that loaned it as it should have done, but it brought a far richer reward to your lands and to ours. Our great industries and railways and utilities were in no small degree due to it. By that building we have been gainers. In greater or less degree the same is true of every land here represented.

Now, but with a new spirit of service, we must take up this duty ourselves. We were not able to do it before the war. Others are not able to do it now. Your peoples can no longer call upon Vienna and Berlin and Paris and London as they did because things have changed. There are other problems yonder, problems of great difficulty which they must needs face first, and while in some measure as we all know some of those nations may still be able and willing to continue this fruitful investment of their funds abroad, the ability to do so has been very greatly reduced. That ability has come to us with great increase and now we must adjust our commercial vision to the opportunity which Providence has placed in our hands.

But with that adjustment of vision and on that ability must be superimposed always the spirit of service. I hope to see the constructive and the development commerce of the United States take the form whereby the securities of all the lands here represented shall be readily sold in the markets of the United States, not merely national securities but municipal and industrial and railway and corporate securities. I hope to see developed here, and soon—the sooner the better—an appreciation of, interest in and a reaching out for the securities which the countries of South America shall offer in our markets. From that process I hope for a two-fold result which can only be helpful if we can keep out the spirit of grasp and greed.

I look first, as an American, as an officer of the United States, for a three-fold benefit to the United States from investment in the securities of all the lands you represent. I look to the direct return from the investments, to the normal flow of trade to us from operations thus carried on by the use of American capital in your countries, and to the development of wealth by the use of this capital in your lands which shall add to your buying power and so to your ability to become larger customers of ours—three real and definite contributions to our prosperity from this process.

But, on the other hand, in any broad view of the matter the larger gain should be yours as the larger gain in the past has been ours. By the development of the untouched lands, by the bringing into use of the unused resources, by the discovery of riches that as yet I think you do not know and we certainly are not aware of, by the expenditure of large sums in the employment of labor in your countries, by the organization of the countries for a larger and more rapid economic growth—in all these ways the use of our capital abroad on fair and generous terms should be mutually constructive and generally helpful. We should want you to know and to understand and to desire that the United States profited as I have

suggested. We should want to know on our part, and to desire that the larger and the more permanent gain would be yours. This, it seems to me, is the only safe ground of international commerce. When it is done upon a constructive basis, when it passes far beyond the mere competitive trading of the hour and builds up both parties to the contract—then and then only I am willing to work for its extension at present and in the coming days.

The war brought conditions in South America into an unusual state and there is now going on a very rapid process of change. It may interest you to have stated here, though I assume that you are all more or less familiar with it, the fact that the nations of South and Central America in their trade with the United States during the calendar year 1918 had a credit balance against the United States of approximately four hundred million dollars. The largest sharers in this credit balance were Argentina, where the credit balance was nearly a hundred and twenty-two million dollars; Chile, where the credit balance was almost a hundred million dollars; Mexico, where the credit balance was sixty-one million dollars, and Cuba, where it was over fifty-one million dollars.

On the opposite side of the account the nations which showed a balance due us were Panama, twelve million dollars; the Dominican Republic, nearly eight millions; the British West Indies, six millions; British Guiana, five millions, and others under five millions. The result was a favorable balance for South and Central America against the United States of a little less than four hundred million dollars. It is certain, of course, that in very large part that was brought about by war conditions which will be familiar to you all and into which I need not now go.

We may, however, bring to your attention certain facts of the first four months of 1919 which will indicate the state of change which is going on. For example, during the calendar year 1918 we bought from Argentina twenty-two million dollars' worth of hides. For the first four months of 1919 the amount is less than four million. We took hides from Brazil in 1918 to the extent of nearly three millions of dollars; for the first four months of 1919 the amount is six hundred and sixty-nine thousand dollars. We took linseed from Argentina in the year 1918 to the amount of twenty-three millions of dollars. For the first four months of the present year the amount is a little in excess of two and a quarter millions of dollars. We took from Argentina wool in 1918 to the amount of almost a hundred and nineteen millions in value and in the present year in the first four months a little less than eight millions in value.

A somewhat similar comparison runs through other products. I mention it only that there may be made clear to you a state of change, a condition in which we may not, unless things alter, assume the continuance of this four hundred million dollars of balance in your favor, and I wish to point out that there are certain products of South and Central America that we greatly need and which we should like to have offered, for we do not and cannot produce them ourselves. In this way our neighbors may have the larger balances against which to buy the goods that we hope we may be able to sell them to mutual advantage.

We should like to see a development in the business already reaching considerable proportions of skins and pelts as those of nutria, rabbit, etc., the business in vegetable oils, waxes and gums, the business in timber and cabinet woods, some of which are being (we are informed) exported from Brazil to Norway but are practically unknown to most if not to all of our manufacturers. There are extensive supplies of lignum vitae and boxwood available in tropical South America. There are vegetable fibers that we need, some of which are not even known in the regions where they grow. There are special tropical products such as mandioca flower from Brazil used in the manufacture of starch and glue. There are medicinal plants and vegetable dyes of many kinds and minor minerals not yet exploited, such as thorium and zirconium and others.

I mention these things not in any sense as desiring to give you a perfect picture but a suggestive one, showing the avenues to a peace trade of a constructive character which should enable the countries to the south of us to grow as their own resources and to buy from us as they will against the sales of those materials to us, so that both of us may get what we need.

I am, of course, aware that the prices at which we are at present able to offer many goods to South and Central America are lower than the prices that are now being offered by such of our competitors in Europe as are able to offer them at all. We are advised that our European competitors in their need for raw materials are offering prices for them in South and Central America higher than we are paying. That is natural under the circumstances. Their need is vital.

As against that we have, of course, only the weapon of trade (if I may use that phrase coming from an archaic time when one spoke of the "weapons" of trade as having edges and points), we have as an offset our present ability to quote lower prices than our European competitors are, at least for the time, able to offer. We rejoice heartily in such transactions as that which but recently took place in this country when the bonds of the city of Rio de Janeiro were taken so eagerly that double the amount could have been readily placed. That I regard as an admirable beginning. We rejoice to know that other South American countries are seeking loans here for the development of railroads. We hope and believe, we certainly desire, that the terms on which those loans are to be made shall be constructive terms, constructive for the countries getting the loans, and that in them there shall not be hidden away any jokers which shall give to any one an undue power over the industry, the commerce or the transportation of the country to which the loans are made. We must deal as brethren, side by side, for only so is there any permanence to our mutual prosperity.

I want to suggest to you a few practical considerations on the subject of foods, and to lay before you a few facts respecting certain foods which we have and desire to sell and which our friends in South and Central America would, if they understood them, probably desire to buy. We do not now supply them to you in large quantities as we do to others.

It has been my own belief that the peculiar attitude of the South and Central American countries toward these particular foods has arisen from a basic misunderstanding of their nature. There have been placed before me by the United States Tariff Commission, because it is not a matter which is within their care, the facts respecting certain grades of manufactured foods as we may call them, including canned foods, dried fruits and vegetables. These I venture to suggest for your consideration, not as a matter of complaint but because we think there is an opportunity for service.

We furnish to Great Britain great quantities of certain grades of food running up into the millions, but these are not imported by South and Central America because of duties sometimes amounting to 200% which are prohibitive in their effect, so that there is no revenue received from these goods by the nations of the South nor is the food used. These are cheap foods, and, as I believe food is high pretty much all over the world, this would seem to be an opportune time to call attention to any possible relief from high prices.

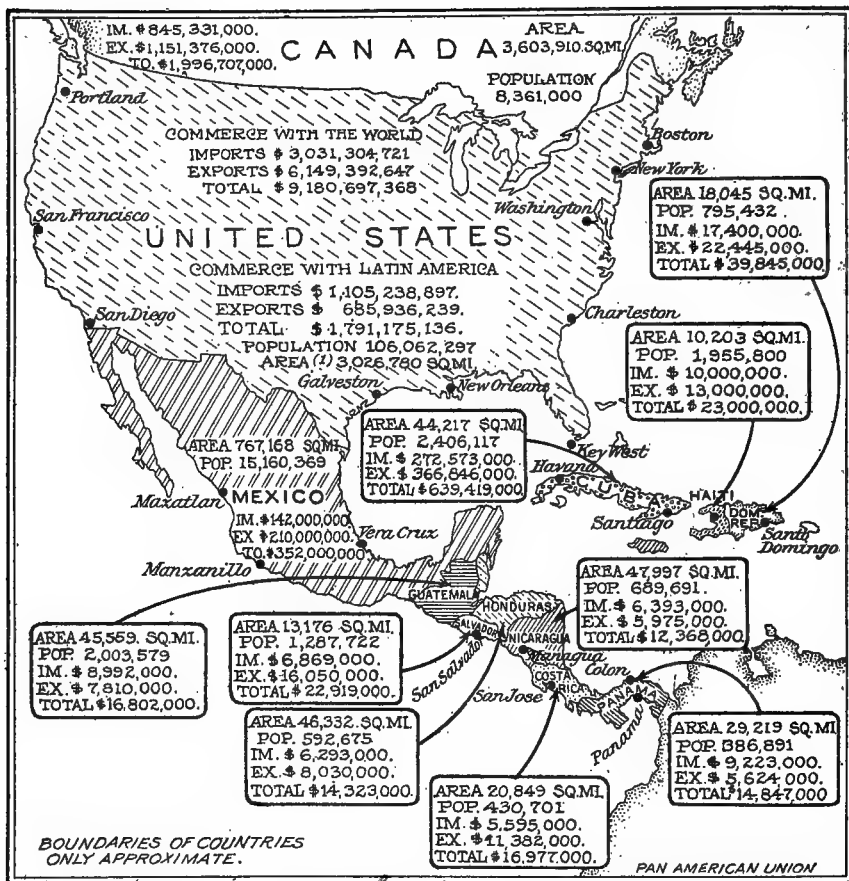
Into Great Britain in 1913 we shipped canned fruits and vegetables to the extent of \$4,275,000 in value. We sent them to Argentina to the amount of \$35,000. We sent them to Brazil to the amount of \$26,000. We respectfully suggest that they would be found as palatable and healthful in one country as in another. The reason lies in what is apparently a belief that these are articles of luxury. As a matter of fact they are articles of the commonest consumption in the homes of the poor, they are cheap foods, not dear ones.

We sent into Great Britain these same goods in 1915 to the amount of \$5,500,000, into Argentina to the amount of \$16,000, to Brazil to the amount of \$10,000. Why should the one have these cheap and palatable foods and the other not have them? We do not wish in any way even to suggest intrusion into matters of domestic concern. That is not our purpose. We merely wish that the subject be considered, for the United States is the largest producer in the world of these food products which are bought by many foreign nations.

We make them abundantly and of good quality and we sometimes wonder why one nation accepts and another rejects that which is apparently for the benefit of the average man and woman of any country.

I might pass to the larger field of canned products in general and point out to you that the duties imposed in Latin America are frequently 200%, so that it is impossible, except in the very small way mentioned, to furnish these goods at all. As to the product which we make in greater quantity than any other country in the world, canned and evaporated milk and cream, we find the same condition prevailing. While we may send to Cuba 600,000 cases of canned milk in a single year, we are prevented by the duties from sending like quantities to other countries to the southward, which are thereby deprived of a food at once nourishing and healthful, which keeps in any climate and which is used in other parts of the world for the daily needs of the ordinary family.

The sole point I feel justified in urging in this matter is that these are not articles of luxury, but are articles of cheap and every day consumption.



(1) Exclusive of Alaska and Hawaii

Commerce figures for Canada and Latin America cover the year 1918; United States 1919.

1917



BOUNDARIES OF COUNTRIES
 ONLY APPROXIMATE

PAN AMERICAN UNION

If, now, I may speak of an article which is rapidly developing in this country and has been found of great value in humble homes, dried or dehydrated foods, I find that our dried fruits were supplied to Great Britain in the year before the war to the value of over \$2,225,000; to Argentina, \$47,000; to Brazil, \$55,000. The reason for the difference is the same, these useful and inexpensive food products are shut out by duties which seem to us to be based upon the misconception that they are articles of luxury.

I should not have ventured to intrude into the field that I have thus briefly touched if it were not for the fact that the world at large presents this curious picture: Europe, hungry and in places starving, is calling upon us and upon some of you for all the products we can send, so that we have had to postpone some of our commercial trade for the sake of great shipments of food, while side by side with that exists this curious situation in which large quantities of cheap, nutritious and palatable foods are in effect barred from entry into countries which we feel reasonably sure would benefit by their use as others have done.

Finally, gentlemen, I must end as I began. The spirit of conquest by trade has received a mortal blow. It can no longer prevail in the world. I do not argue that all the merchants and manufacturers of the United States are unselfish men, for that statement would be too sweeping. I do not suppose that you would argue that all your importers are men whose sole conception is that of the national prosperity and good. Probably you have your share of selfish men as we have. None the less, the world's conscience has taken a great step forward in these last five years and the gospel of gouge and greed is discredited in the business world here as with you. And when we come into your markets we come with the spirit of friends. I hope we shall bring the means to serve you in such a way that while we gain thereby you shall be the larger gainer.

DIRECTOR GENERAL BARRETT: We are now going to take up Brazil, and I will ask the Brazilian delegation to come on the platform.

I have pleasure in introducing to you, to lead the discussion on Brazil, Senhor Langgaard de Menezes, the Commercial Attaché of the Brazilian Embassy.

SENHOR LANGGAARD DE MENEZES read the paper which appears on page 116.

DIRECTOR GENERAL BARRETT: I now have the pleasure of calling upon Senhor Sebastiao Sampaio, the enterprising—I might say Yankee—Brazilian Consul at St. Louis.

SENHOR SEBASTIAO SAMPAIO read the paper which appears on page 121.

DIRECTOR GENERAL BARRETT: Now I call for some practical questions regarding exchange of trade between Brazil and the other American countries.

MR. LANGWORTHY MARCHANT, of the Pan American Union: Mr. Sampaio mentioned two or three points that I thought very important. One was with regard to the beef exportation; the other with reference to manganese. We think we know a good deal about the manganese situation in Brazil in our statistics and I had brought a good deal of knowledge about it when I came, but he spoke of it as though he possessed a certain amount of fresh knowledge on the subject and I think the house would be pleased to hear him say something about the manganese situation after the war.

DIRECTOR GENERAL BARRETT: The question is: Because manganese enters so importantly into the manufacture of iron and steel, will Mr. Sampaio tell us what the prospects are for that business after the war.

SENHOR SAMPAIO: I do not know much about manganese, but I will tell you what I can. Before the war our exportation of manganese was very small; it was not counted as an export item. But during 1916 and 1917, as I have just told you, all our manganese was exported to the United States, where it was used in manufacturing steel for the war. In 1916 we exported to the United States one million and a half sterling pounds, while in 1917 we exported three million pounds sterling. Before the war the United States imported manganese from many lands, but during the war the quality of manganese was considered and then all manganese imported by the United States was from Brazil.

MR. HENRY E. CORONADO (Akron, O.): The point has been brought out here that one of the principal industries in Brazil is the coffee industry. The

United States has today developed another industry, the rubber industry, to such great proportions that we have what is called the center of the world today in the city of Akron, Ohio. Mr. Sampaio only gave us a few statistics about that and I would like for him to be so kind as to give us some more information about the wonderful industry of crude rubber in Brazil because there are not only myself, as a delegate from one of the largest rubber companies in the United States, but many other gentlemen here present at this Conference who would like to hear something about that.

It is true that coffee took a great part in helping win the war and the armies in Europe, but I may say that rubber took the same part also because all the automobiles of the army, all the trucks carrying the ammunition and everything like that were equipped with rubber for the tires and different things. The motorcycles of the army, which carried messages all over the front, had to have rubber for tires, etc. For that reason, may I ask one of the Brazilians to give us a little talk in regard to rubber.

SENHOR SAMPAIO: The world is being supplied with two kinds of rubber—plantation rubber and the natural rubber of Brazil. England was the first country to realize that rubber could be cultivated on plantations and today the English colonies have the greatest quantity of rubber—plantation rubber—to furnish for consumption. However, Brazil does not fear the competition of the English colonies with the artificially grown rubber, because the quality of the Brazilian rubber is so superior to that of the plantation product.

DIRECTOR GENERAL BARRETT: Mr. Marchant, will you give us just a minute and a half on that—the future of rubber in Brazil, at least with reference to the trade of the United States? Mr. Marchant is the expert on Brazil for the Pan American Union.

MR. MARCHANT: In my opinion the future of rubber in Brazil, in competition with the production of the plantation rubber produced in the Malay states, depends a great deal on the ability of the Amazon Valley to feed the people employed in the industry there in its extraction. The reason why the cost of production in rubber at present in the Amazon Valley is very high is that the valley itself is not put in such a condition as to furnish or supply the food necessary to support the people engaged in its industry. They get their supplies from the southern part of Brazil, and that is why, for instance, in the city of Manaus (which is the capital of the State of Amazonia) the cost of living is so high as to appear very fabulous—five or six times what it would be in any other part of Brazil.

This condition naturally will be changed as time goes on. There was a great plan organized some time ago to bring about a better arrangement of this situation. The plan contemplated the development in the Amazon valley of farms which would furnish enough produce to support the rubber industry and also the amelioration of sanitary conditions, but unfortunately these various measures could not be carried into effect on account of the financial crisis which supervened in 1913 and became worse in 1914. It is to be hoped that when these conditions are corrected, as they will be gradually, it will be possible for all kinds of good rubber, not only the avia, which gives the best quality—the hard, fine quality which competes in advantageous conditions with the eastern rubber—but also other rubbers which can be produced to advantage.

MR. CHARLES A. LAMSON (U. S. Shipping Board): I rather welcome this discussion here today, Mr. Chairman, because I have been in Brazil for ten years in the Amazon valley. I was one of the earliest buyers of crude rubber in the Amazon and lived there continuously except for two months. Rubber has been my business for a great many years and I began it with spending ten years in the Amazon valley. I was going to ask Senhor Menezes about the rubber situation in the Amazon valley. Roughly speaking, there are 45,000 tons exported from the Amazon valley. I know, and some of you know, that the quantity of rubber from the Malay States, Ceylon, etc., has made it a dangerous problem for Brazil in its exports of crude rubber. They are even growing avia, as well.

I think Senhor Sampaio is a little wrong where he states that the quality of fine Para is better.

SENHOR SAMPAIO: If I am wrong it is my English and not my meaning. I referred to the quality of Brazilian rubber, and not to the quantity.

MR. LAMSON: I have been a great deal worried through this war that we had to depend on the British settlements for our rubber. What is to become of this great output of Brazilian rubber from the Amazon? I believe that today the price of the fine Para rubber was quoted at fifty-six and a half cents. I am frankly worried about the condition of the rubber industry of the Amazon as affected by the planted rubber of the Malay States and I wish to know what measures has the Brazilian Government taken to prevent the annihilation of the natural product.

The first year of the war I suggested that the duties be lowered. I know, of course, that the revenues of the States of Manaos, Amazonia, and Para were mainly derived from the revenues from crude rubber shipments; also the import duties which the Secretary of Commerce has referred to are in many cases very high. Those duties must be reduced, in my opinion, to cheapen the food supplies for the rubber gatherers of the Amazon Valley. With the cheapening of food supplies and with lower export duties, the Amazon rubber which right in our doors and in many ways is better compared with East Indian rubber, should be protected. The problem of a greater production of natural rubber is not so much a question of food supply as of larger population in the Amazon Valley. If there had been a double population in the Amazon for years we would have had double the amount of rubber from the Amazon. The whole population of the Amazon Valley worked in rubber, and the reason why they did not produce more was because there were no more people. I will welcome anybody who will tell me what is the future of the supply of crude rubber from the Amazon Valley.

SENHOR SAMPAIO: I will reply first to the point on the economic future of rubber. The economic future of Brazilian rubber is absolutely guaranteed. The rubber production of the English colonies may be larger in quantity than Brazilian rubber and maybe in competition of price the facilities about the plantations of the English rubber give little advantages of slight differences in price in favor of the English rubber. But Brazilian rubber is of a much better quality because it is not planted, it is natural; there are great forests of it, while English rubber is planted and cultivated artificially. That is the difference. Experts all over the world are of the opinion now that Brazilian rubber, because it is natural, is the best, giving as it does more and better industrial results. It is also more durable.

DIRECTOR GENERAL BARRETT: Mr. Coutinho, you have just returned a short time ago from the Amazon district. Can you give us a word?

SENHOR JOACHIM De S. COUTINHO, of the Pan American Union: The rubber situation in Brazil is very poor. The cost of production is very much higher than in the Malay States. During the war there was a real crisis for rubber. Great amounts of Brazilian products were just stored away because there was no chance to export them. During the war it was very hard for Brazilian exporters to secure licenses to send rubber over to the United States.

The only thing that I see which will help the rubber situation is for either Brazilians or Americans to establish rubber factories in the rubber region. The Para rubber is too good for tires. I know of several people who use Para rubber in tires and they say the Brazilian Para rubber will last three times longer than the ordinary tires. Of course, the price is a little higher. And what the tire manufacturers want is poor rubber so they can sell more tires. I don't see any other solution for the problem unless factories are started in Brazil. Brazilians have been thinking seriously of this, and if the idea can be carried through, rubber will be the second industry in Northern Brazil.

MR. CHARLES RAY DEAN (Washington): This is a practical suggestion. We are hearing from these different gentlemen of the undeveloped resources of their country. We are hearing from our Secretary of Commerce of the free available capital which will be used in helping to develop those resources. Now, it would seem very helpful if these gentlemen representing these various countries would make specific suggestions with regard to the resources that are to be developed and it might be well for this Conference to have a committee appointed to gather together the definite data that these gentlemen bring so that it may be used afterwards in aiding financiers to bring about the development of those resources.

DIRECTOR GENERAL BARRETT: A full report of the proceedings of this Conference will be published, in which will appear all that has been said or presented to this Conference.

We are obliged now to pass on from further consideration of Brazil. As I said last night, we have twenty countries to consider, and the time is limited. I want to say in closing the discussion on Brazil that these gentlemen are ready to answer any questions that may be submitted to them in private conferences.

Passing now to Chile, we have already had the privilege of hearing the notable remarks of its distinguished Ambassador at the inaugural session. This morning, I take pleasure in calling upon Señor Ernesto Montenegro to lead the discussion on Chile. I am very glad to introduce him to you as the able representative of one of the greatest newspapers in Latin America, "El Mercurio," of Santiago and Valparaiso.

SEÑOR ERNESTO MONTENEGRO: *Mr. Chairman, ladies and gentlemen:* I come to speak before you without any preparation, because I thought it was agreed to postpone the Chilean discussion for a while. What I have to say now as the representative of a Chilean paper is that we feel, as newspapermen, that we have a very great part in moulding North and South American sentiments and interests. I think the newspapers in both the English and the Spanish language can do very much to further the unanimity of sentiment between the two countries.

As a representative of "El Mercurio," I can only say that this newspaper seems to be predestined to do this work, because it was founded more than ninety years ago and is today one of the strongest papers in Chile and one of the oldest newspapers in our American Continent. You all know very well what the American press has been doing to mix together and make one entity of this immense territory that we call the United States. You know very well that without the press, without the daily papers, the periodicals and the magazines, this enormous land, populated by so many races, by so many different people of different languages, never would be one nation as it stands now. Without the help of the press, without this marvelous moulder of sentiment and ideas which the press has been diffusing through this territory of all that is great and good to make this great melting pot one solid nation in the United States, that would never have been accomplished.

The American press can do very much to cordinate the sentiments and interweave the interest of the two Americas, and as the representative of "El Mercurio" I think you will excuse me for saying that we feel glad of what "El Mercurio" has been doing, has done for the furtherance of this interest and for the coordinating of sentiment and ideas of the two great races of America—the English and the Spanish.

In following discussions I expect my colleagues of the Chilean delegation to be ready to answer any questions that you like to put up to us. Now I simply congratulate you for this splendid meeting in which so many interesting, practical things are being discussed and which I am sure will bear very fruitful results. (See page 129 for Sr. Montenegro's paper.)

DIRECTOR GENERAL BARRETT: The discussion on Chile shall be continued in the afternoon session.

(Announcements.)

Adjournment.

AFTERNOON SESSION.

The Conference was called to order at 2.45 o'clock by Director General Barrett who presided over the session.

(Announcements.)

DIRECTOR GENERAL BARRETT: Continuing this morning's session, we shall now resume the discussion on Chile. The Chilean delegates are here to answer any questions which you might have in regard to the commercial relations with Chile.

MR. R. W. ORCUTT (New York): I should like to ask Mr. Montenegro what steps are being taken in Chile today to develop its manufacturing.

SR. MONTENEGRO: I think that is a very broad question to put up and so it could be answered only in very general terms. Since the war started in 1914, Chile received an impetus toward the development of its industrial resources

in proportionately the same way as the United States received in the general trade business, so, as soon as the imports began to fall, Chile by way of necessity, by the spirit of its inhabitants, began to show a determination to develop its own resources and to manufacture with its own means the things which it most needed.

Take, for instance, the manufacture of paper. They have been for about ten years manufacturing gummed wrapping paper in Chile at the Puente Alto Company, supplying the needs of the merchants in that product but not venturing to go any further. Since the war started, however, this factory has enlarged its plant and now I think has succeeded in making a better kind of paper, not quite so good as writing paper, but we expect that we will have something of the kind in the near future.

In the furniture and in the foundry business, we have developed very materially, as was shown at the Exposition we held at Santiago, in 1915 where almost every home article was manufactured in the Chilean factories and, what is more important yet, by Chilean workmen. Many of these concerns are foreign named—French, English, American—but all the personnel is national and this, I think, shows very plainly the disposition of the Chilean race to assimilate and work together with foreign industrial men.

SR. H. E. CORONADO: I would like to ask a question regarding the condition of the highways and roads of Chile.

SR. MONTENEGRO: I think I can say that the Chilean roads are no worse than other South American roads. On the other hand, Chile has been trying through two agencies to improve the roads. We should begin by mentioning the unusual condition of the country—a very rough, mountainous land that makes it very difficult and expensive to improve the highways. Under this conditions Chile has been working for many years to improve its public ways, and we have two agents working—the Government, which improves the general road, what we call “el camino real,” and the municipal roads that are improved or should be improved by the municipality.

In and around Santiago you will find many good roads. I may cite an example of what has been done. We have been making trips from Santiago to Concepcion, about 300 miles, in record time without accident and you should consider that the country, as I said, is full of hills and rivers and very difficult natural surfaces. Very much depends upon the material that you put in your roads to improve them, and so the principal aim in Chile now is the conservation rather than the building of the roads. While we have spent a great deal of money in fixing up the roads, I must confess we have not developed yet the means of keeping them in good repair. In this regard, I think the American engineers can teach very useful things to our road builders.

DIRECTOR GENERAL BARRETT: There being no further questions on Chile, we will now pass on to Colombia. I take great pleasure in introducing to you Señor Francisco Escobar, the Consul General of Colombia in New York, who will lead the discussion on his country.

SR. FRANCISCO ESCOBAR read the paper which appears on page 138.

DIRECTOR GENERAL BARRETT: We have here Mr. José M. Coronado, of the Pan American Union staff, who has just returned from Colombia, and I am sure he will be glad to answer any question he can. I would like to ask him about the development of ports on the west coast of Colombia; also the development of railroads into the interior.

SR. JOSE M. CORONADO: On the Pacific Coast nothing has been done. The Government has just signed a contract with a firm in New York for the building of a port at Buenaventura, and a pier, because the water is very shallow there, and they are going to start this work right away. (See page 139.)

MR. C. VOGEL (Philadelphia): Then the only way to get into the interior there would be via Barranquilla?

SR. CORONADO: By Barranquilla and Cartagena, both.

CAPTAIN A. V. DALRYMPLE (Washington): I would like to know if anything is being done to standardize the railroads or the different lengths of railroads running up to Bogota. I understand there has to be a trans-shipment of freight going up to Bogota. That is, you have a short section of railroad and then you have some water transportation. Is the Government of Colombia doing anything to standardize this method of transportation so as to avoid trans-shipment two or three times?

SR. CORONADO: The Colombian Government has a forty-mile railroad that will be lengthened, and already five million dollars have been appropriated for that work. The commission is now at work, though it will take several years to complete the project, of course. They have a special service now called the mail service. There is a special boat leaving every Monday afternoon and making connections with all railroads on the way and reaching Bogota the following week by Tuesday or Wednesday. The other way takes about fourteen or fifteen days to go.

CAPTAIN M. L. McCULLOUGH (Washington): I would like to ask whether the Government of Colombia is interesting itself in any way in aviation as an aid to the commerce of the country.

SR. CORONADO: It would be a great help for the country and the Government has had several offers already. The Handley-Paige Company and another English concern have made offers to Colombia, but the Government does not want to accept them or give the privilege exclusively to anyone in particular. Anybody can carry the mails and they are going to make application for that service in the different countries. The Consuls General of Colombia in New York, London, and Paris will take care of the applications in the different countries and the Government will consider the best proposals on the matter.

DIRECTOR GENERAL BARRETT: Now we come to Costa Rica; we are very fortunate in having with us one of the most distinguished citizens of San José, whose name is well known there and in this country—John Meiggs Keith, who although ill and indisposed, has consented to come here and say a few words of a practical nature in regard to the commerce of Costa Rica.

MR. JOHN MEIGGS KEITH (San Jose, Costa Rica), read the paper which appears on page 144.

MR. BOAZ LONG, American Minister in El Salvador: Would you mind giving us just a little idea of the extent of the development of mines near Punta Arenas on the western coast?

MR. KEITH: Costa Rica has only three large and prosperous mines, one the Abengares, which produces about fifty-five thousand tons a month; the Aguacate mine which produces about fifteen thousand tons a month, and the Union mine, more or less the same.

DIRECTOR GENERAL BARRETT: Ladies and gentlemen, we are going to pass on to Cuba.

It is necessary for me now to absent myself; so I am going to turn over the meeting for the time to the First Assistant and Secretary of the Conference, Mr. John Vavasour Noel.

MR. NOEL, presiding: Ladies and gentlemen, the next speaker on the program is a brilliant diplomat from Cuba who will tell us about that country. I am sure that Señor Porfirio A. Bonet, Commercial Attaché of the Cuban Legation, will be able to give us some interesting information.

SR. PORFIRIO A. BONET read the paper which appears on page 146.

SR. BONET: I want to state before I go that the Cuban Legation has a commercial department where we would be very glad to give all kind of information regarding commerce.

MR. NOEL, presiding: We are fortunate in having with us today an able and intelligent official from one of the countries in South America that has a great future. I refer to Señor Gustavo R. de Ycaza, Consul General of Ecuador, who has left his occupations in New York to come especially to say something to us about his native land.

THE CONSUL GENERAL OF ECUADOR IN NEW YORK read the paper given on page 156.

MR. NOEL, presiding: We have on the program now a very interesting country which we know a great deal of. It is Guatemala. I have the honor to present Señor Francisco Latour, Chargé d'Affaires of Guatemala, who will give us some illuminating facts about his picturesque land.

THE CHARGE D'AFFAIRES OF GUATEMALA read the paper which appears on page 158.

MR. NOEL, presiding: If any questions relating to Guatemala may come into your mind, Mr. Prem, Adviser to the Special Guatemalan Mission, and Mr. Arenales are also here.

SR. H. E. CORONADO: I should like to ask a question regarding the exploitation of the mines, whether or not the mechanical tools that have been used so successfully in the United States have been used in the mines there. This applies especially to rubber goods used, for instance, on transmissions. Leather is very scarce today on account of the European war, and rubber has been of wonderful value in the mines of the United States.

SR. LATOUR: There are many mines there; unfortunately they are not very well developed as yet, but in those that are developed we use as much modern machinery as we can. I should be very glad to discuss this matter with you privately, for it is something in which I am interested.

MR. NOEL, presiding: We are honored today by the presence of a member of our Governing Board, M. Charles Moravia, Minister of Haiti, who was for a considerable time Consul General in New York and who has a deep and fundamental knowledge, not only of the commercial situation, but of the intellectual development of his country, of which he is one of the brilliant literary men. I take pleasure in introducing Mr. Charles Moravia, the Minister of Haiti.

THE MINISTER OF HAITI read the paper given on page 166.

MR. NOEL, presiding: The next country that is going to be discussed is Honduras. We have with us today Señor R. Camilo Diaz, Chargé d'Affaires, whom I take pleasure in introducing.

THE CHARGE D'AFFAIRES OF HONDURAS read the paper given on page 171.

MR. NOEL, presiding: We will now proceed to the next country on the program. Gentlemen, we have the honor of having here today the distinguished Chargé d'Affaires, Señor Juan B. Rojo, one of the brilliant young diplomats of Mexico, who will now address the Conference.

THE CHARGE D'AFFAIRES OF MEXICO read the paper given on page 175.

MR. NOEL, presiding: On account of the unavoidable absence of His Excellency, Señor Diego Manuel Chamorro, the Minister of Nicaragua, I will ask an able young business man of the modern type from Nicaragua, a member of a well known house of that country, to say a few words about Nicaragua in its commercial aspects. I take pleasure in introducing Señor Pedro Gómez, of Nicaragua.

SR. PEDRO GOMEZ read the paper given on page 178.

MR. NOEL, presiding: I have now the honor to introduce to you Señor J. E. Lefevre, Chargé d'Affaires of Panama.

THE CHARGE D'AFFAIRES OF PANAMA: *Gentlemen:* I will not take much of my time. My address is rather brief and will be limited to the time allotted to every one of us. I will give you just a little information about my country in a few brief points. (He then read the paper on page 182.)

MR. NOEL, presiding: Are there any questions on Panama which anyone desires to ask?

MR. R. H. HEPBURN (Philadelphia): What are the agricultural developments in the neighborhood of Chiriqui.

SR. LEFEVRE: It is one of our largest and most progressive provinces, the main industry there being cattle raising, and agriculture follows second. Then comes sugar cane, at present a large American corporation, the Panama Sugar Company, has a large sugar mill.

The Government has built in Chiriqui our first national railroad which starts in the lower sections and will be extended to the new sugar region of La Chorrera; so sugar cane is really the next important agricultural item that has

been developed there. Of course, it is a good rice country, not only producing rice for local consumption, but exporting considerably. However, lately the demand for labor in other lines, I would not advise anybody to go into rice unless he went on a very large scale. The largest trouble would be with the threshing of the grain, which requires certain delicate machinery. The coffee which they raise makes it self-supporting and also contributes to the necessities of business.

(Director General Barrett resumed the Chair.)

(Announcements.)

Adjournment.

EVENING SESSION

The conference was called to order at 8.30 o'clock by the Director General, who presided over the session.

(Announcements.)

DIRECTOR GENERAL BARRETT: We now pass to the consideration of Paraguay. It is with real pleasure that I shall present to you one of the great constructive statesmen of that country, which occupies such an interesting place in the heart of South America, bounded as it is by, and connecting up, Brazil and Argentina and Bolivia, a country of great potentiality with a wonderful history. The man who will speak to you has done more than almost any other man to make Paraguay what she is at present. I have great satisfaction in introducing to you the Minister of Paraguay to the United States—Señor Gondra.

THE MINISTER OF PARAGUAY: Mr. Chairman—Gentlemen: The present being a commercial conference, the Chairman has, with happy thought, applied to oratory the principle of *allocation*.

I shall have then to avail myself of the regulation ten minutes by telling you in substance what might be of interest with respect to the commerce of my country. I shall begin by saying for you that the figures extracted from our commercial statistics are made up in accordance with the old Tariff of Valuation of 1909 for the collection of customs dues—valuations that are now much too low. Accordingly, as may be seen from the recent report of the American Consul at Asuncion, the total, actual value, of the commerce of Paraguay for 1917 amounts to more than 100,000,000 francs, or nearly \$21,000,000. The figures for 1918—incomplete—are possibly slightly below this amount, due to the rigid embargo beginning 1912. It will be interesting to note that during the first nine months of 1918, in imports and exports the United States stood third and second respectively, as against fourth and eleventh in 1914. In addition let me say that the statistics that we are accustomed to quote, are not exact, because all the foreign trade of Paraguay, an inland country, is effected through the ports of neighboring countries, and oftentimes they are credited to the countries of these ports—this being particularly the case with one important product, quebracho extract. Furthermore, many are the American articles that we purchase in the markets of neighboring countries, through lack of direct shipping communication with the United States.

Of recent years direct relations have been more earnestly sought, and today the number of consignments made by means of the parcel post is considerable. The war, producing an almost complete stoppage of commerce, imposed—so as to speak—a dietary regime, which is always an advantage when commercial credit is in the question. Favored by this forced restriction and by the enormous advance in the prices of merchandise previously introduced, our commerce has paid almost all the balances of its foreign accounts, and according to the last message of the President of the Republic, is well on the road to recovery.

Simultaneously with the commercial improvement, a financial reaction has taken place. Strict and administrative retrenchment has resulted, during the last fiscal year, in producing a surplus of 4,500,000 pesos paper, a circumstance which united with the lowering of the exchange rate, indicated the time as opportune to attempt the problem of stabilizing the value of our currency.

Important to the same end are the favorable balances of our trade, through the development of certain industries whose growth may be taken as assured, such as the meat industry—three important American plants having been installed within the past two years—the tanning business, sugar refining and other agricultural enterprises.

In this regard, the economic policy of my country is that of limiting to its capacity for consumption those domestic products that are not of export demand, or that are of a disadvantage in competition with like foreign articles. Instead it vigorously encourages the production of those that are adapted to meet competition in the world trade.

In this sense the Banco Agricola encourages the cultivation of tobacco, regarding which staple I may say that in the opinion of foreign experts who have made a close study of the Paraguayan leaf it promises to be among the best to be found in the market.

The growth of cotton—once cultivated on a large scale, and of a superior quality, is being stimulated. As indicating the importance of this product I may state that Mr. Atkinson, an American expert, has declared that the cotton of Paraguay is one of the very few that might with success compete with that of the United States. Likewise, yerba mate, cultivated, a product formerly found only in its wild state; generally known as Paraguay Tea, it is commencing to make steady inroads into the markets of the United States and Europe.

With these few remarks I have consumed the time that has been assigned by the Chairman. A paper to be included in the proceedings of the conference, will contain in detail data with respect to our general commerce, and in particular with regard to Paraguay's relation with the United States.

In the meantime, Mr. Walter B. Graham, who is connected with the Legation under my charge, and a participant in this conference, will give whatever information may be desired, regarding matters related to our economic, industrial and commercial conditions.

In conclusion permit me to congratulate the illustrious colleagues of the Governing Board and the Director General of the Pan American Union who have so successfully organized this conference. (The paper on Paraguay is on page 184.)

DIRECTOR GENERAL BARRETT: Is there anyone here, aside from the Minister, who is prepared to answer questions in regard to Paraguay?

Mr. Chandler, formerly of the State Department, now of the Corn Exchange National Bank, Philadelphia, has the floor.

MR. CHARLES LYON CHANDLER: Paraguay has a population of six hundred thousand people. It is a great cattle raising country. Tex Riccard, you know, the man who got up the prize fights, went up there and is organizing his big cattle ranches in Paraguay and raising the finest kind of cattle, meat and beef and has had experts come there to look things over, and Paraguay is going to be the land of the cheap meats very soon. Asuncion is a beautiful city of eighty thousand people, where Remington Typewriters have been sold since 1896.

MR. W. B. GRAHAM (Washington): There are one or two things I would like to mention. The Honorable Vice-President yesterday was good enough to mention the *Yerba Mate* as one of the special products of the country. Now, a great many of you don't know what it is. If you will take care before you leave the Conference here and step into the office of the Secretary, you can get a sample of this product of the country. It is drunk by perhaps twenty-five or thirty million people, generally throughout the southern part of South America and a great part of Europe and it is being introduced now into the United States. There are several dealers in Baltimore, Washington, Philadelphia, San Antonio and San Francisco who handle it.

It is, in the first place, pleasant to the taste; in the second place, it is very reasonable and sells in the ground for five to ten cents a pound and one pound of it will last as long as four pounds of the ordinary kind of tea. It contains no tannin, which is the one agent of China tea which is deleterious to the stomach. When you drink a cup of China tea and go to bed you cannot sleep. You can drink a dozen cups of *Yerba Mate* and fall into the pleasantest slumber and sweetest dreams you ever had, and, as the Vice-President stated, you wake up the next morning with a clear head.

There is one point about Paraguay and that is it is going to be the great meat producer of South America. Our experience in the United States has shown that their land is good for agriculture only and where the grazing land of the west, where years ago we found agriculture driving the cattle away, where there is less than one-sixth per cent. of one animal per capita in the country, we find in Paraguay the per capita animal population is about $6\frac{1}{2}$. During the last two years there have been three great branches of the United States packers established there—the International Products Company, of New York; Swift & Co., of

Chicago, and Morris & Co., of Chicago, and at present there are other people on the ground planning further extensions.

The only thing that Paraguay needs immediately is better transportation facilities. At the present time all goods sent from Paraguay must be shipped at Montevideo or Buenos Aires. This entails additional expense and a loss of time. If some enterprising shipping concern could arrange bi-monthly or monthly shipments direct, they would be assured of a full cargo for return and also be assured of customers down there to take the capacity of the ship.

DIRECTOR GENERAL BARRETT: Tell us something about the banking and financing and shipping connections there.

MR. GRAHAM: The shipping connections with Paraguay are by way of Buenos Aires and Montevideo. When you make a shipment there it is necessary to have your papers stamped also by the Consul of Argentina or Uruguay. This is an expense in the case of Uruguay but Argentina has arranged so that there is no additional expense. But after the shipping has reached the port, it is necessary to then move it by lighter to a smaller boat for shipment up the river. It takes about twenty-five or thirty days for a shipment to go from New York to Asuncion as a rule, and about the same time for a shipment back. The rate before the war was about \$20 a ton, sometimes more, depending upon the quality and the classes of goods.

It is necessary down there to cater to the domestic wants, to their tastes. For instance, in men's clothing and shoes, they used English leather and followed English styles; for women's clothing they used French styles. They use the metric system, and if I must use a homely expression that George Ade once used, I can give you the principle of their buying in a few words—they give the people what they think they want, not what they want. If the American dealers will do that, they will find the Paraguayans are ready buyers and good payers.

DIRECTOR GENERAL BARRETT: The Ambassador of Peru spoke this morning, and there will be nothing further on Peru, but Mr. Alvarez of Peru is here to answer any question, as also Mr. Hurler and Mr. John Vavasour Noel. We are now ready for any question in regard to Peru. Then, as there are no questions I will give Mr. Alvarez three minutes in which he can say something practical about Peru.

SR. CARLOS ALVAREZ CALDERON, of Peru: The general conditions are extremely good because the war, of course, has formed a market for our products. Our currency, our rate of exchange has gone up very much indeed until the Peruvian pound is now worth over five dollars.

There is much new railway construction contemplated in Peru. We have several projects under study and some of them have been begun. There is the very important one of the Pan American Railway in which several people have been very much interested which will go from the Pacific Coast right into the interior and tap the tropical zone where all the different ports on the Amazon River are touched, and bring the products of that zone to the Pacific side. That, of course, has been studied and there have been several projects.

DIRECTOR GENERAL BARRETT: Mr. Noel, we will allot you two and a half minutes.

MR. NOEL: The question is that the time allotted to me does not permit me to do justice to the subject. I spent five years of my life in Peru, I know the country and I am ready to answer questions and help anybody who wants to go there. I have done that for years. Some months ago a young man came to me who wanted to know what the opportunities were in Peru and I encouraged him to go there. I am going to refer to him and he can tell you briefly what his experience was as a young American in Peru and what his impressions were. I refer to Mr. Hurler.

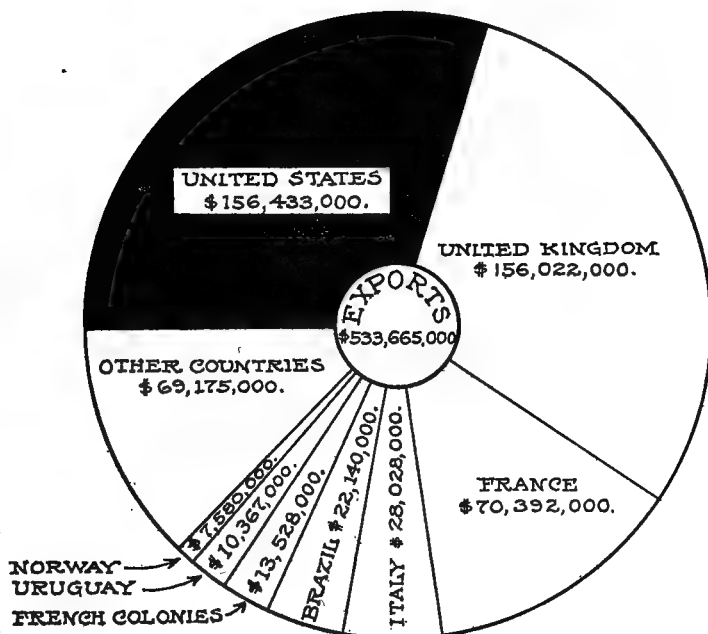
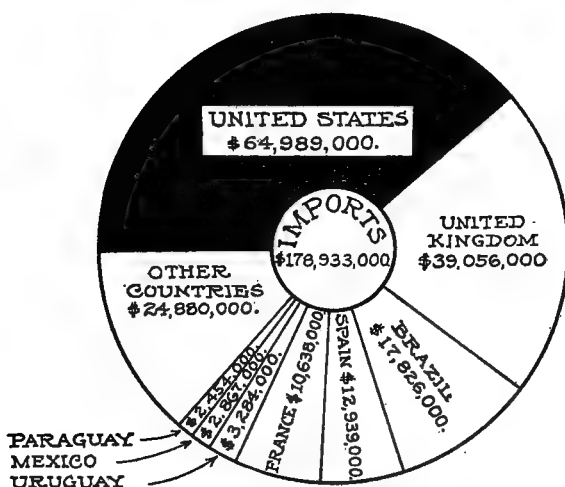
DIRECTOR GENERAL BARRETT: Mr. Hurler, we will be glad to have you occupy the rest of that time.

MR. HENRY HURLER (New York): About a year and a half ago I left for Peru where I was seven months. I traveled from the northern most port of Payta down the coast to Mollendo. I visited all the interior towns and also Lima. I found the people very friendly and opened a business especially with Americans,

ARGENTINA

FOREIGN COMMERCE 1917

TOTAL \$712,598,000.



and I can only say that my experience in Peru has been very pleasant in every respect. I believe that it is a field which the American manufacturer can enter with success and benefit, and I hope that in the very near future the American manufacturer will show more interest in the Peruvian market.

The financial conditions are very good, the houses are of the highest order and would like very much to trade with the American manufacturers, who should send their representatives into that market. They will find that the business results will be very encouraging.

I hope some day to go back to Peru and know more about the country, which I believe has very great possibilities.

DIRECTOR GENERAL BARRETT: We will now proceed to Salvador. We have here the distinguished Secretary of the Legation, Señor Atilio Peccorini.

THE SECRETARY OF THE LEGATION OF EL SALVADOR read the paper on page 204.

DIRECTOR GENERAL BARRETT: Has anyone here a question about El Salvador before we pass from the consideration of that country.

MR. V. L. HAVENS (New York): I would like to know what the conditions regarding railway connections between Salvador and Guatemala are.

SR. PECCORINI: There is only one railroad line in project and that has been for some time, but they have not been able to carry it through to execution.

MR. HAVENS: What is that on account of?

SR. PECCORINI: It was on account of the war that the execution of the project has been delayed so long. Communication at present by railroad reaches very nearly to the frontier of Guatemala, and there is only a short piece of railroad to be built so as to reach as far as Zacapa and from there to the Atlantic.

DIRECTOR GENERAL BARRETT: If there are no other questions about El Salvador we shall take up the discussion on Uruguay. I have the pleasure of introducing to you Señor José Richling, Consul General of Uruguay at large. I have known him a great many years. He is one of the most efficient representatives of any Latin American country in New York and he represents a country today which, though small in area, plays a mighty part in the commercial and political development of Latin America. There is no President of all Latin America that I think we can respect more than President Brum. You remember the remarkable visit he made to this country recently and the great sentiments of Pan Americanism that he expressed.

Uruguay is in every way endeavoring to build up Pan American commerce, offering opportunities to the capital and to the business of this country, and I am sure that a few words from Mr. Richling will be most appropriate, instructive and interesting.

THE CONSUL GENERAL OF URUGUAY AT LARGE read the paper given on page 206.

MRS. JOAN CALLEY (Washington): Would you tell us something about the moving picture theatres of Montevideo and Uruguay?

SR. RICHLING: Practically everything important from the United States is sold by contract to the concerns there, but I think there is something which could be done still.

DIRECTOR GENERAL BARRETT: Can you tell us just a word about the present terminal and dock facilities of Montevideo? We have a great many questions about that.

SR. RICHLING: The port of Montevideo is our pride. We have spent there about twenty million dollars and we think it is second to none in the world. Ships go to the docks and unload there very quickly. The charges of the port are supposed to be the lowest in the world, they are practically nominal as we are encouraging tonnage and merchandise to come to Montevideo even if it is not intended for the country. It goes from there to Paraguay, Bolivia, and even to Argentina.

DIRECTOR GENERAL BARRETT: Is there much demand or opportunity there now for United States capital?

SR. RICHLING: The country, if you will allow me to express it this way, has lots of money now and we are taking care of ourselves, but you know that money is merchandise the same as anything else and whoever offers it more cheaply will have a very good investment, so it is up to the American investors to see that they make the most attractive offer.

SENHOR SAMPAIO: You ask about the navigation and transportation of Paraguay. There are two lines of navigation now. One line comes from Buenos Aires to New York which was started last month. Another line is an old line, started many years ago, from Rio de Janeiro into Paraguay serving Montevideo, Asuncion and Buenos Aires.

LIEUT. J. P. MOFFITT (Washington): What is it that we produce in the United States that the people of Uruguay need mostly; on the other hand, what has Uruguay for us? I would like to get your ideas as to just those two points.

SR. RICHLING: That is a rather difficult or comprehensive question. For instance, last year what you exported most to Uruguay was sugar—what you bought from Cuba. In former years what we bought from you was machinery; during the war it was iron, steel and coal; and we have tried to trade our wool to you here, hides and everything that we do not sell elsewhere.

DIRECTOR GENERAL BARRETT: We will bring this session to a close by considering a country which, though last in the alphabet, is not least by any means. I am glad to say that we have on the platform here the eminent Minister of Venezuela, Dr. Santos A. Domínici, one of the most popular and best loved of the American diplomats in this city, and Venezuela has named as its special representative at this Conference its special agent in the United States, Dr. José Santiago Rodríguez, who stands in the foremost ranks of those men who are informed on all South America and especially his country, Venezuela, the nearest point of which is less in distance from Key West, our southernmost point, than Washington from Kansas City.

I have great pleasure in introducing Dr. José Santiago Rodríguez.

DR. JOSE SANTIAGO RODRIGUEZ read the paper on page 209.

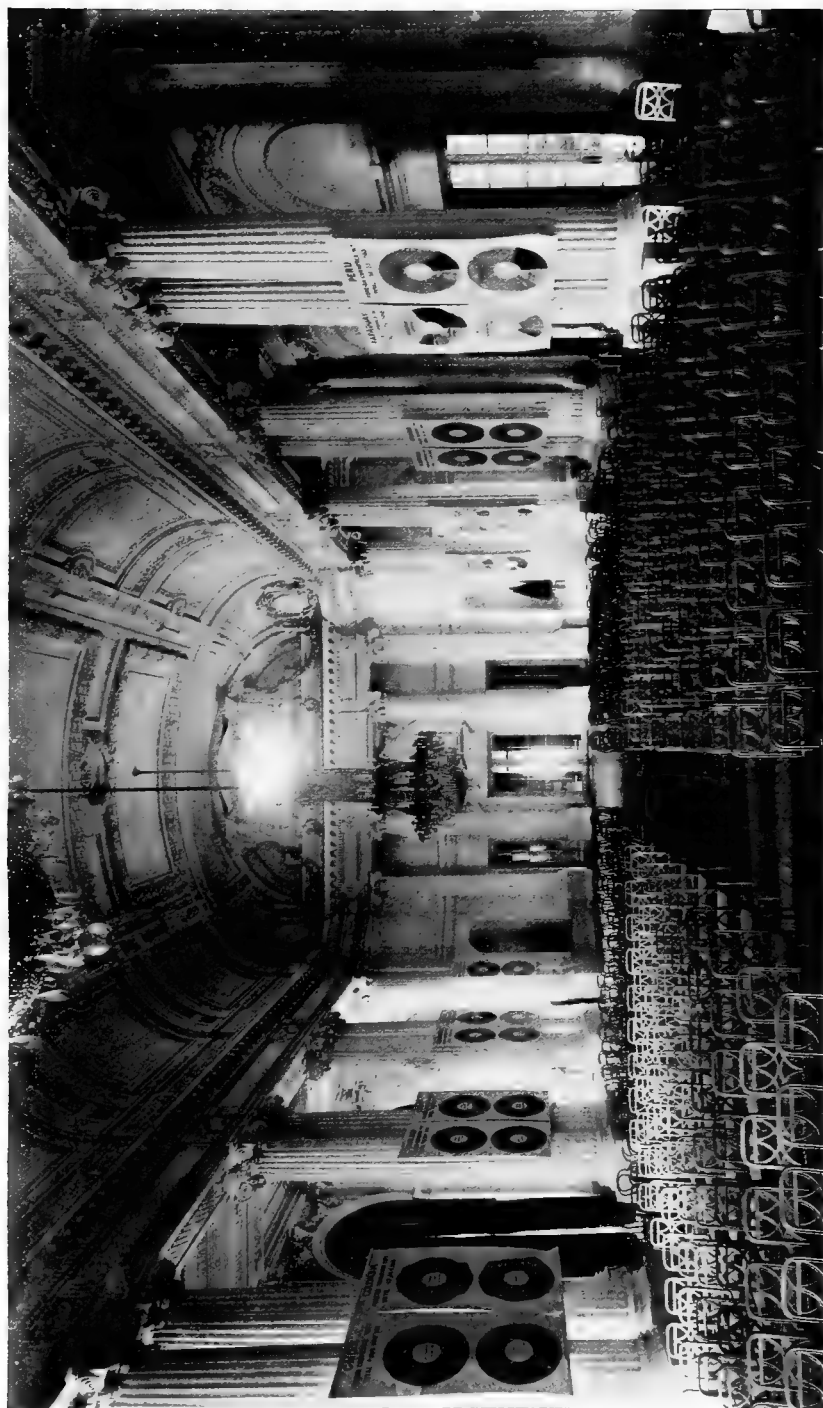
DIRECTOR GENERAL BARRETT: Is there any question in regard to Venezuela?

Before we proceed, I want to call to the attention of this audience a most remarkable fact. Here more than twenty papers have been presented by distinguished Latin Americans, and with only one or two exceptions they have been read in the English language. I wonder how many Americans, under similar circumstances, could do one tenth as well in Spanish.

There has never been in Washington or in this country or in the western hemisphere a more Pan American Conference than this. Up to the present time three-fourths of the discussion has been carried on by Latin Americans; the United States representatives generally have the habit of holding all those things to themselves, but I am glad to say that this Conference has been characterized by exceptional participation and attendance by distinguished Latin Americans. We will have in our printed proceedings one of the most remarkable records that has ever been printed in any book.

(Motion pictures are shown.)

Adjournment.



THE HALL OF THE AMERICAS OF THE PAN AMERICAN BUILDING TAKEN FROM THE ROSTRUM.
Especially Arranged for the Sessions of the Second Pan American Commercial Conference.

WEDNESDAY, JUNE 4, 1919

MORNING SESSION

The Conference was called to order at 9.30 o'clock by Director General Barrett, who presided.

DIRECTOR GENERAL BARRETT: In welcoming you here this morning, there are two or three general observations that I desire to make for the benefit of those who are here for the first time this morning.

(Announcements.)

I cannot tell you what pleasure I have in introducing the first speaker of this morning. I go back to the time when he was the distinguished President of the Illinois Manufacturers' Association, and I said, "There's a man whom I want to get interested in Pan American affairs." Through his own natural tendency to take an interest in things that were coming on and through my own little efforts, we finally aroused his interest to a splendid point where he led a great delegation of the Illinois Manufacturers' Association for a trip around Latin America. On that occasion his eyes were opened as never before to the future of the United States in Pan American commerce and trade. He came back and made a report that attracted the attention of the entire land. From that moment the sun of illumination of this distinguished man began to rise rapidly in the heavens until now we might say, in the opinion of the American people, it is very near the zenith.

I have great pleasure in introducing to you, as the first speaker of the morning, Hon. Edward N. Hurley, the Chairman of the United States Shipping Board.

THE CHAIRMAN OF THE U. S. SHIPPING BOARD delivered the address given on page 223.

DIRECTOR GENERAL BARRETT: I am sure you all agree with me that it was worth holding the Conference just to hear from Mr. Hurley those words as coming from one who has been intimately associated with this Pan American movement for nearly eighteen years, as meaning more for the practical development of Pan American commerce and, therefore, Pan American friendship, than anything that has been said from this platform. Are there any questions you desire to ask Mr. Hurley?

DR. ROJO: I was very much pleased to hear the speech of Chairman Hurley, and I wish only to call attention to the fact that the commerce between Mexico and the United States will be tremendously increased with better means of ship communication. During the last year Mexico sold to the United States three hundred and fifty million dollars. Think of that, three hundred and fifty millions! That is 95 per cent. of our exports. We have depended only on railway communication, but I am sure that when we have larger shipping transportation we will sell and buy from the United States at least double that amount. It will be a great assistance for our mutual commerce, if sometime the Shipping Board would consider plans for a larger traffic with Mexico. I would desire to know if Mexico is considered in the projects of the Board.

MR. HURLEY: I will be very glad to answer your question by saying that in balancing our fleet and planning for the ships we now have to the respective ports throughout the world, we have Mexico in mind and our plans are very complete. We will be glad to show them to you if you come down to the Shipping Board.

MR. W. N. DICKINSON (New York): I would like to ask Mr. Hurley whether or not they confine the points of call of the fast steamers to Rio, Montevideo and Buenos Aires, or whether they will call at one or two of the ports on the coast further north.

MR. HURLEY: We are planning to have a real fast ship and then a slower ship following, and divide the ports of call between the two, giving service to both, not interfering with the fast service between New York and the main ports.

MR. DICKINSON: The fast ships would call at the three capitals, the others pick up the individual points?

MR. HURLEY: The other ports will be divided between a real fast ship and a slower ship.

MR. H. RICHARDS, Jr. (New York): As the weights and measures of South America are metric, I would like to ask if it would be possible to have the shipping on these lines arranged to be in metric weights and measures.

MR. HURLEY: I have not taken that up yet. I am troubled enough with trying to get the ships themselves.

MR. S. L. WEAVER (Los Angeles): I am interested in this trip on the Mount Vernon to South America. May I ask if only delegates are entitled to go on that trip and how soon we will have to make reservations?

MR. HURLEY: Between August 1st and November 1st. And first come, first served. We cannot draw the line and say who is going to go, but it has to be representative business men and bankers and men who are seriously thinking regarding the future of Pan American trade. No tourist will go.

MISS C. E. MASON (Pan American Round Table): I would like to ask if this is to be confined entirely to gentlemen interested in commercial, financial lines or whether it would be in order for a special delegation of women to go preparatory to their later larger meetings in South America—to be sent there to make preliminary arrangements for their large meeting in 1921.

MR. HURLEY: We will be very glad to include a delegation of ladies.

MR. WING B. ALLEN (New York): I would like to inquire if it will not be possible to take several ships. It seems to me I know about seven thousand people who want to go. Can you only give us one ship?

MR. HURLEY: We are lucky to get that.

MR. ALLEN: A prominent merchant on Fifth Avenue approached me the other day and wanted to know if some such ship could not be arranged. He said there would be a thousand merchants on Fifth Avenue in New York who would like to take that trip, to investigate the markets down there, to become acquainted with those countries and to extend a friendly hand. Can we only have one ship?

MR. HURLEY: You are going to have weekly sailings in about two or three weeks after that. We can not take them all on one ship.

MR. C. S. WELLS (Boston): I would like to ask Mr. Hurley if the direct sailings are being planned from other ports than New York. Will there be any sailings from Boston?

MR. HURLEY: No, sir. From New York and New Orleans.

MR. MONTENEGRO: I do not wish to bother Mr. Hurley, but there are some South American countries that have their own merchant marine, I know my country does, and I wish to know what welcome will be extended to ships of foreign countries coming to the States.

MR. HURLEY: Every ship will be welcome to our ports the same as we expect our ships, with our flags, will be welcome to every other port in the world. That is reciprocity. We particularly welcome the Chilean ships.

MR. MONTENEGRO: There were some restrictions, I think, for foreign ships in the United States. I mean that the American flag was favored in many ways. Will there be any difference between the treatment of ships?

MR. HURLEY: No, we intend to carry fifty per cent. of our commerce only, our exports, which amounts to forty million tons a year. Our imports are twenty million tons. We expect you to bring your imports in here in your ships, and in balancing our fleet we are not figuring on moving 100 per cent. of our exports, we are only figuring on moving 50 per cent., giving you an opportunity to take a cargo back to Chile.

I will say for the benefit of the gentlemen here that are not familiar with the figures, that England has never exported or moved in her bottoms over 57 per cent. of her entire commerce. There will be no discrimination against Chile or any other country.

MR. MONTENEGRO: My idea was the difference between the regulations of one country and another, and I wish to know if you will make our crew, or engineers, for instance, to conform to the American regulations when they come to the States?

MR. HURLEY: No, but you must conform to the laws and regulations of every port and carry out our instructions, but with your own people. If your crew deserted here and you wanted to employ our men, you would have to comply with our regulations but if a ship comes in here with a full crew, and no one interferes with you and you go back home with your own crew, that is all there is to it.

MR. C. VOGEL (Philadelphia): I would like to ask Mr. Hurley the reason why no vessels are allocated to Philadelphia for the eastern coast of South America.

MR. HURLEY: I think there is a special cargo line going to sail from the Philadelphia port and also from Baltimore.

MR. VOGEL: I understood you to say New York and New Orleans.

MR. HURLEY: Every principal port in South America will have special service, and that applies to the Pacific, the Atlantic and the Gulf. We are going to try and divide this seventeen or eighteen million tons of shipping that we have equitably throughout the country so that the congestion will be relieved. Mobile, Galveston, etc., have facilities that they can use to much better advantage than they are now using them. I am now working with Philadelphia on that plan.

MR. MORRIS B. BOGART (Buenos Aires): Do you believe that in normal times we will be able to maintain freight rates on returning cargoes on the River Plate, particularly on heavy products, from the United States on the same basis as rates from Continental ports.

MR. HURLEY: What have you in mind, the wage scale or operation of the fleet?

MR. BOGART: Whether we will have equal freight rates on goods from the United States as from European ports to the River Plate. Are we going to be able to buy them from the United States and ship them on an equal basis as far as freight rates are concerned?

MR. HURLEY: First I will say yes, and second if we do not we are out of business and that is what competition is going to develop. We are not fearful of the other fellow and we are not frightened as to what he is going to do to us. If we cannot compete first in freight rates and second in our products, we all know what is going to happen. The South American is going to buy not only where he can get the best and cheapest goods, but also at the most favorable freight rates.

The question of the cost of operating the fleet, compared to other nations—we are not fearful of that at all. We can compete with them under the present conditions that exist throughout the world. The wage scale on the different ships outside of Greece and Japan are about the same and in many cases they are higher. When you take into consideration the fact that out of thirty-five million tons of world shipping Greece has four hundred thousand tons and Japan has a million and a half. They pay lower wages to their seamen and their crew, but Norway and Sweden pay more than we do. England pays \$72 for a seaman, we pay \$75. We have more men on our ships, but taking into consideration the additional crew, the additional men in the crews, it amounts to less than 2 per cent. of the cost of operation and the total cost of operating a ship (that is, as far as wages are concerned) is about 6 per cent. of the total cost of operating a ship. That margin is so small that it is not going to interfere with the freight rates. Other things will have to enter into it and we are going into this thing with the feeling that we are going to compete in the markets of the world fairly and squarely, first with our products and second with our ships, and if we do not go into battle saying we are going to win, you gentlemen know what will happen to us.

MAJOR HARRY DAVIS (General Staff, Washington): I am especially interested in the commerce of Colombia and I should like to know whether it is the intention of the Shipping Board to send shipping facilities to the coast of Colombia.

MR. HURLEY: We are going to make a stop on the coast of Colombia and on down to Valparaiso the same as we are planning on the East coast. We are going to have sufficient service first to give fast service to the principal ports like Valparaiso and New Orleans and Mobile and New York, Philadelphia and the other ports. In between we are going to run ships that will take turns in making the stops and give first class service to Colombia. We are planning not to neglect

a single country in Latin America. We are just as anxious as you are to have our ships stop and give you real service.

MAJOR DAVIS: I am principally interested in the shipping to Barranquilla.

MR. HURLEY: We have it all worked out on the chart showing what the regular service is to be.

MR. CRAWFORD (Philadelphia): I would like to ask if any provisions are being made toward the improvement of what might be considered the lesser ports of South America.

MR. HURLEY: Yes, it is all included.

MR. H. W. HEEGSTRA (Chicago): Is the purpose of this trip to be one purely for information for those who go or will business exploitation be permitted also?

MR. HURLEY: You can talk anything you want. We are not going to have any restrictions.

DIRECTOR GENERAL BARRETT: We have heard from the Chairman of the United States Shipping Board, expressing the governmental relationship to this problem. Now we are going to have a few brief words from the head of one of the greatest and most interesting ports of the United States, the most interested port of the United States because of its peculiar location in the field of Pan American trade. You have all been impressed with the new life that has come to New Orleans, you have been reading these wonderful advertisements, appearing in the papers. Back of this, as a main spring of this interest and the one who has been eminently constructive in the era of New Orleans is the next speaker. I have great pleasure in introducing to you Honorable Martin Behrman, Mayor of New Orleans.

THE MAYOR OF NEW ORLEANS delivered the speech which appears on page 225.

DR. ROJO: Mr. Mayor, I want to ask you: New Orleans is one of the ports that has more traffic with Mexican ports, especially with Progreso, of the State of Yucatan. This traffic is principally of hemp (sisal). There have been lately in your port some restrictions against Mexican shipments, of the quarantine; it delays freight and passengers three or four days and this restriction is badly resented both by American and Mexican merchants. I feel it would be wise to request your help in order to remove that quarantine for the mutual benefit of your port and the Mexican ports, as there is no foundation now at all to have this quarantine in existence.

MAYOR BEHRMAN: It would be well to take up that matter with the United States Public Health Service.

DIRECTOR GENERAL BARRETT: Any other questions to ask Mayor Behrman? If not we shall proceed with the program. I am very glad, ladies and gentlemen, that we could have Dr. Grosvenor M. Jones, Assistant Director of the Bureau of Foreign and Domestic Commerce, here because he is certainly, without any exaggeration or flattery, one of the best qualified, all-around men in that splendidly equipped and manned Bureau of the Department of Commerce. I have great pleasure in introducing him.

DR. GROSVENOR M. JONES: After that flattering introduction, I hardly know where to begin, but the Chairman of the Shipping Board, in his address and his answers to the questions from the floor, has so fully covered the subject that I was to speak about that I shall confine myself to a very few remarks.

The Department of Commerce has a vital interest in shipping. Without ships there can be little or no international trade. Fortunately, due to the splendid efforts of the Shipping Board, we have not had to concern ourselves very much with the development of shipping. That has been a great relief to us and we have been able, therefore, to concentrate our efforts on trade promotion, knowing that as our trade develops ships will be found. (Dr. Jones then read the paper given on page 227.)

MR. W. C. KRETZ (New York City): I have listened to Mr. Jones' address with a great deal of interest, especially from the point of view of the traveler, and particularly what he said about the inter-island connections because I have traveled around there a great deal and I know it is very hard to get round. But the point that came into my mind was whether Mr. Jones or the Department of Commerce had in mind that the Government would assist the shipping lines in any way to carry out that program. After all, it costs a good deal of money for a steamer or any kind of vessel to make a port. It is perhaps one of the most expensive operations that they can do—to stop and start again. No private shipping line would therefore make a port like St. Thomas from and to which freight could be moved, presumably quite small, without some sort of inducement. If they had enough passengers or freight it would be worth while, but merely as a matter of convenience it would not.

Does the Shipping Board or the Department of Commerce have any idea of assisting the traveling public by helping the shipping lines to make these ports?

MR. JONES: That brings up a question of policy. A few years ago I was called upon to prepare some data on this subject for the Government, and the reviewers of my book (when completed) suggested that I was antagonistic to the policy of government aid. I have changed my notions somewhat in the last four years and personally I should favor government aid in the form of mail subventions (not a general subsidy grant) and I think that the Government would get back of such a line with such aid, were it absolutely necessary to the maintenance of such a line.

DIRECTOR GENERAL BARRETT: We are very fortunate in having the opportunity of listening to a most practical man on the shipping question, a man who has studied it from A to Z, and is familiar with every phase of it. I have, therefore, great pleasure in introducing to you that expert on Pan American shipping, Mr. George L. Duval, of Wessel, Duval & Co., New York.

MR. GEORGE L. DUVAL delivered the address given on page 229.

DIRECTOR GENERAL BARRETT: If there are no questions on the very illuminating address delivered by Mr. Duval, I am going to allow Congressman McDuffie of Mobile to express the idea of a resolution he desires to read to the Conference.

CONGRESSMAN JOHN McDUFFIE, of Mobile, Alabama: Mr. Chairman: I am very grateful for this opportunity and I will not detain the Conference more than two minutes.

In my judgment, the distinguished Mayor of New Orleans has sounded the keynote of commercial relations between this big family, North and South America. The question of an open port, a free port, and I deem it not a mistake, in fact highly important that this great body of representatives should think along that particular line not for the benefit of Mobile, not for the benefit of New Orleans or any other single locality but to stimulate, if you please, the commercial and friendly relations between these nations.

This is not a resolution for you to pass on, as the Chairman has explained, but simply contains the thought that I am trying to express—that the establishment of the zones where products from all countries can be assembled, classified, manufactured and re-shipped will be of great assistance in developing full cargoes both ways and assure the permanency of our American merchant marine. The American has never yet set his heart on anything that he hasn't accomplished it. Whenever he set his heart on the field of battle, he has won; in the air, he has won. And the American merchant marine will meet the competition Chairman Hurley spoke of this morning.

"Whereas, Congressman J. Y. Sanders has introduced to Congress bill No. H. R. 10892 for the establishment, operation and maintenance of free zones in or adjacent to ports of entry in the Continental United States:

"Whereas, The establishment of such zones where products from all countries can be assembled, classified, manufactured and reshipped will be of great assistance in developing full cargoes both ways and assure the permanency of our American Merchant Marine, and Whereas,

"Latin American countries are becoming more and more a source of raw material, and as none of these countries have yet developed manufacturing indus-

tries to handle home consumption, for the lack of capital and other economic reasons, and, whereas:

"The establishment of those free zones in the Continental United States will promote the development of the resources of these marvelous countries by turning them into finished products and selling them to the world.

"*Resolved*: That the Second Pan American Commercial Conference recognizes the wisdom and the necessity of establishing free zones within the Continental United States and urges that Congress favor the passage of the said bill.

"*Be It Further Resolved*: That a copy of this Resolution be sent to every Senator, Congressman and Representative of the United States."

Those things I pray you may think of, my friends, and urge your representative in Congress to advocate that bill which has been introduced by Governor Sanders, now representative from Louisiana, asking Congress to give every port an opportunity to declare itself a free port in the event it sees fit.

DIRECTOR GENERAL BARRETT: Now, ladies and gentlemen, when we had the last Pan American Conference eight years ago, if anyone had suggested that one of the prominent features on the program should be aviation as an aid to commerce, they would have said "You are crazy!" But now it is before us in a most practical way. I wish we had more time, a whole session, to devote to the consideration of this subject. I am going to call upon the well-known Secretary of the Aero Club of America, Mr. Augustus Post, to bring a message from the President of that organization.

MR. AUGUSTUS POST read the paper which appears on page 235.

DIRECTOR GENERAL BARRETT: We will hold the questions until we have finished the leading speakers. Captain Glidden, I have great pleasure in introducing you because you are an old personal friend of mine. I once made a balloon ascent with him several years ago in Massachusetts and I know his real quality. We will be very glad to have a few words from you.

CAPTAIN CHARLES J. GLIDDEN read the paper given on page 236.

DIRECTOR GENERAL BARRETT: We had asked General Menoher to be here and speak to us. I am sorry he could not have been here himself. I have now great pleasure in introducing to you one who has made a special study of the relationship of aeronautics to Pan American commerce and I am sure you will be glad to hear from him in a brief statement of what he has in mind. Captain Max L. McCullough, of the United States Army Air Service.

CAPTAIN MAX L. McCULLOUGH delivered the address given on page 237.

DIRECTOR GENERAL BARRETT: These three papers on aviation have been most interesting, but I will tell their authors frankly that none of them have told the Latin Americans what they want to know, which is exactly how and what can be done in building up the commerce through aviation. I hope, therefore, you will bring this out in your papers specifically. The reason this was put on the program was to have you point out how aviation would build up Pan American commerce. For instance, tell us how aviation would promote commerce between Para at the mouth of the Amazon and Manaus or Iquitos up the Amazon, or between Santiago across the Andes to Buenos Aires? What are the specific ways that that would facilitate commerce above the present method?

MR. POST: I can answer that by saying—put the airplanes right on the routes and you will do in hours what you do in days by your present methods of transportation across the plains and between the countries. In the mail service here they have carried nine million pieces of mail from New York to Washington, they have covered a hundred and twenty-eight thousand miles in the year that they have operated the mail service between New York and Washington and have done it at a cost of a little over thirty odd cents per mile. They have exceeded the speed of any other method of transportation in the carrying of the

mail and it is only a question of carrying express and later passengers on this service.

Second, it makes accessible all those places in South America that are difficult of surveying in other ways for topographical reasons, for the making of maps, for commercial investigation, for going out and prospecting countries, for looking over your rubber plantations or your mineral deposits, for going around to herds, to oil wells, etc.

DIRECTOR GENERAL BARRETT: I want to ask you one question which four or five Latin Americans have asked me. What are the early prospects of fast mail service between New York and Mobile or Key West, and New Orleans, with the ports of Mexico, Central America and South America?

MR. POST: Mr. Hoover is going down within the next two weeks. He is getting married on Wednesday and then he is going down on this expedition, flying all the way. If big boats can cross the Atlantic carrying twenty-eight thousand pounds, why they can take mail and express right down to Rio or any other place.

DIRECTOR GENERAL BARRETT: Is there any specific plan being organized?

MR. POST: The United States Post Office Department has already laid out routes and I understand as soon as their appropriations are available they will extend the mail down the Atlantic Coast to Cuba, and I know the President of Cuba through his representative is buying two ships to put on between the United States and Cuba. That is a start. Havana will probably be the central point between the United States and South America, and they are preparing by making their harbors and landing places, and getting in touch with the practical possibilities, and it is going to cut the time down by hours. This has all come in two or three years—so rapidly we can hardly keep up with it.

DIRECTOR GENERAL BARRETT: Here is another question: In this service that may be established, will there be government airplanes carrying mail from the southern coast points to South and Central America or will they be privately owned companies under contract to the Government. And has anything specific been started along that line?

MR. POST: The Government runs the mail line between New York and Washington. They hope to extend it but I hope that they will have to have the cooperation of the army. There will be individual firms in South America and other parts of this country which will take contracts, and that is the way it should be done, I believe, with a subsidy from the Government. It is quite possible to work out these plans in a very practical manner, so we will know exactly every dollar that is going out and every cent of profit that is coming in.

DIRECTOR GENERAL BARRETT: What would be the average cost of an airplane capable of carrying enough mail to be worth while from Key West or New Orleans to Panama or some port on the coast of Colombia or Venezuela?

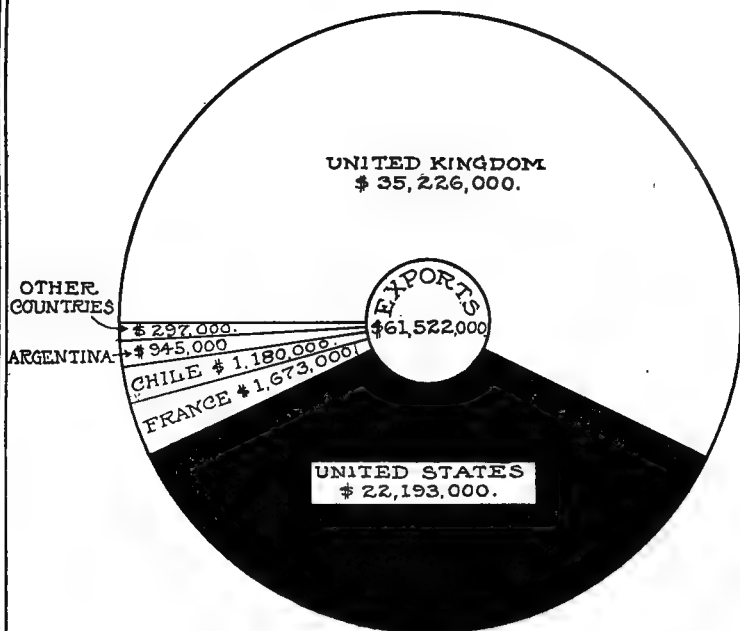
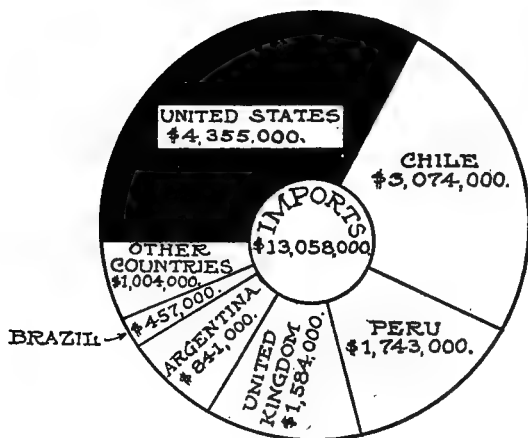
MR. POST: The small boats that would take that service might be had for upward of fifteen thousand dollars; larger planes up to fifty thousand dollars each; a double motor. The large planes like the NC-1 would cost well up over a hundred thousand dollars. That is a new element entirely, but we find the Mayor of New Orleans has said that the problem will be worked out as to whether we shall take speed as the first element in South America. I am sure, however, it is a factor in business and commerce and where that comes in, the airplane is bound to follow. The airplane keeps pace with all the other new inventions and modern possibilities and will solve our problems of finance as well as where speed is an important element, as it must be to a business man who may have to spend six weeks going up the Amazon River when he could go up in six days by using the airplane. In Africa they go over the desert, doing in six hours what the camel trains do in six weeks. Of course I do not mean that you have any such hard conditions in South America.

MR. L. H. LIPMAN (New York City): Mr. Chairman, I did not come here to advertise my company, but as a question has been asked as to what practical

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benefit will result from aviation, I would like to say that the company I represent, the Sapolio manufacturers of New York, has actually made a shipment of Sapolio from Key West to Cuba by an airplane and when it landed in Cuba the people there gave it such an ovation that they made a raid on the airplane and collected every cake of Sapolio and distributed it as souvenirs of the trip.

MR. POST: I know of two other large companies which are considering sending their salesmen out in an airplane for selling, realizing the advertising value thereof. The Standard Oil Company has bought six ships, I understand, to go along the border of Mexico for taking the pay roll around to the different oil companies.

(Announcements by the Director General.)

Adjournment.

AFTERNOON SESSION

The Conference was called to order at 2:45 o'clock by Director General Barrett, who presided.

(Announcements.)

DIRECTOR GENERAL BARRETT: The Chief of the Bureau of Foreign and Domestic Commerce probably has given as close a study to all phases of the commerce of the United States with other countries as any man today in the forefront of governmental activities and we are very fortunate in having him with us this afternoon. I have pleasure in introducing to you Dr. Burwell S. Cutler, the Chief of the Bureau of Foreign and Domestic Commerce of the Department of Commerce.

DR. BURWELL S. CUTLER: *Mr. Director General, Ladies and Gentlemen of the Conference:* I shall lay myself open possibly to criticism now and then in the very brief discussion in which I will indulge, on account of generality. Since, however, I have the honor of opening the discussion, I cannot very well encroach upon the ground of following speakers who will be pleased to discuss this subject in detail.

It has ever been true that no community of action can be brought about between two or more individuals without a community of interest. (He then read the paper given on page 239.)

DIRECTOR GENERAL BARRETT: Are there any questions on this paper?

MR. D. R. MARTINEZ (Philadelphia): Is there any arrangement being made by the Latin American Republics in regard to the protection of the copyright or label, or trademark or name, whereby the copyrighting of that name in any one designated city would give it value all throughout Latin America. We are having considerable trouble with the copyrighting of names.

MR. CUTLER: I can tell you in general terms that for the last two years there has been a very active tendency in that direction, resulting in proposed legislation and the adoption of a bill, which may take the form of a convention. It is proposed to have headquarters at Havana with offices north and south, and an advisory office there looking to that very purpose of the protection of trademarks mutually. Considerable progress has been made also in detecting infringement everywhere and securing remedy through that central office.

DIRECTOR GENERAL BARRETT: That subject is coming up for discussion tonight and among the eminent speakers and authorities who will be here is Dr. Mario Diaz Yrizar, the head of the International Trade Mark Bureau in Havana.

MR. FREDERICK TODD (National City Bank): Mr. Cutler referred to an arrangement being made by the Chamber of Commerce. Are there any steps being taken to make similar arrangements with other stock exchanges of South America?

MR. CUTLER: If someone representing the Chamber of Commerce of the United States is here they can better answer that. I shall say from my own knowledge, however, that invitations have been extended to many other of the

Latin American countries and three invitations now are in the way of being accepted.

I see Mr. Robert S. Barrett, former Commercial Attaché to Buenos Aires, who can answer that better than I can.

MR. ROBERT S. BARRETT: I want to ask a question to bring out the discussion on this point. I want to ask Mr. Cutler if he thinks it possible or reasonable to establish some sort of licensing system in the United States by the Federal Trade Commission or some other body, by which firms desiring to do export business would be compelled to file a statement before the Federal Trade Commission or some similar body and satisfy them that they are financially responsible, experienced and prepared to do an export business in South America. The trouble has been that the small man, the beginner, the unprepared, the irresponsible concern in the United States would try to do an export business and take the cream off the market without desiring to stay therein. We all know that the small and irresponsible firm who fails to comply with his contract in South America reflects upon everyone else in the trade. One bad apple will spoil the whole basket, and so it is in foreign trade and particularly in Argentina, where they have very little means of ascertaining the responsibility of American concerns. The small, irresponsible man who prints his letterhead with some high-sounding name Export and Import Company, with the picture of the building in which he has his office, puts "Authorized Capital, a million dollars," at the top of his letterhead, goes down into that country and plays havoc with all the responsible merchants who are dealing legitimately in the South American market.

Is it feasible, is it desirable to have some governing body in the United States adopt some form of investigation or some form of license before a firm can go into the export business?

MR. CUTLER: Personally, I should very much like to see some such clearing house for this circulation of information regarding the integrity of concerns who are trying to do business in South America. At present the new American branch banks of the National City group, the Guaranty group, the First National of Boston, and the rest of them, I think would be very glad to report on the reliability of any concern of this country if inquiry is made of them down there and without any charge, unless it be the customary cable charges.

I think it is quite a feasible thing, but I know that it could not be made compulsory. If the best concerns in the United States voluntarily submitted themselves to be inspected and passed on by Federal Trade Commission or the Department of Commerce or any other reliable agency, and being thereby listed would be known to South American traders, it would help a lot. It certainly would do one thing—it would legitimize commercial curiosity and anybody that can survive that is entitled to the business.

DIRECTOR GENERAL BARRETT: If there is one thing, ladies and gentlemen, that has characterized this Conference, it has been the large number of distinguished and able Latin Americans that have participated. There has been no Conference ever held here where that has been more characteristic than it has in this one. We are now to hear from one of the really great and constructive men of Mexico, a man who has been the Director of the Bank of the Nation there, who is at the head of one of the great department stores, who has been (if not now) the President of the Confederation of Chambers of Commerce of all Mexico and who is in this country to attend to private business matters. He has consented to come here and say a few words to us. As he speaks fluently only in Spanish, Dr. José Romero, of the National City Bank, will read his paper in English. I have great pleasure in introducing to you Señor Carlos Arellano, of Mexico.

SEÑOR CARLOS ARELLANO'S paper was read by Dr. José Romero and appears on page 176.

DIRECTOR GENERAL BARRETT: Has anyone a question to ask or a suggestion to make in connection with Señor Arellano's paper?

DR. ROJO: Gentlemen, you have heard the speech of Mr. Arellano, who is a big business man of Mexico with no official connection at all. He is an independent man and is not connected in any way with the Government. You can

easily see the kind of possibilities that Mexico presents for international commerce.

Another point to which I wish to call your attention is that the Mexican Government wishes to increase the commerce between Mexico and the United States and has recently established commercial agencies at New York, San Francisco, Chicago, St. Louis and New Orleans. Here is one of our agents, Mr. Luque, who is established at St. Louis. He will be able to answer any question that you wish to present to him, and Mr. Arellano as a business man undoubtedly will help you better than I can, because I did not study to be a business man.

MR. E. N. HEINZ (Chicago): We in Chicago are selling right along a lot of goods to Mexico f. o. b. border, this side, and as the gentleman has said, a good deal more could be sold under different conditions with time terms. Since about a month or so ago, the Mississippi Valley sent a delegation to Mexico and found that the banks in Mexico were not performing their usual functions such as, for instance, issuing letters of credit which I think has a very important bearing on this matter. If the Mexican banks could maintain balances in Chicago to permit of the issuance of letters of credit they would facilitate these transactions. They have discontinued this practice entirely. I wonder if the prospects for the banks performing that function are good.

SEÑOR ARELLANO (translated): There are four banks which are now working in the city of Mexico. Under normal conditions they will again furnish extension of service such as Mr. Heinz mentions.

MR. JAMES E. SMITH (President of Mississippi Valley Waterways Association): Mr. Chairman, the house with which I have the honor to be connected has been doing business in Mexico for at least thirty-five years. We have been there long enough to find out the reputation of the merchants and we have been doing business during that entire period of time with great satisfaction. We sell them on the same basis of credits that we sell our own customers in this country and our losses, I really believe, in Mexico have shown a smaller percentage than in our own country even. That is due to the fact that we have selected our customers and we are selling to them with great satisfaction.

DR. S. M. JOHNSON (New Mexico): I desire to state in this connection that in New Mexico we are now raising thoroughbred cattle and shipping them to the northern portions of Old Mexico and it is possible to secure the supply not only of range stock but of dairy cattle and of sheep and of hogs, so that within one hundred and thirty-five miles of El Paso these supplies, so important for the enrichment of any country, may be secured.

DIRECTOR GENERAL BARRETT: I wish we had more time for this discussion but we must pass on because our time is limited. The next speaker, Mr. E. T. Simondetti, of John W. Thorne & Co., New York, is a well known exporter and publisher who has traveled extensively from his boyhood in South and Central America, was formerly a resident of Mexico, where he was a successful publisher and man of affairs. Besides actually developing Latin American markets by establishing there and directing branch offices and agencies, he has planned and executed many selling campaigns for American goods in those markets. He is also known as a writer in newspapers and magazines, particularly on the subject of Latin American trade.

MR. E. T. SIMONDETTI read the paper given on page 243.

MR. H. H. MORSE (Boston): I would like to inquire if the expense of collecting the information necessary to determine a fair retail price to the consumer would not increase the cost of the goods to the consumer.

MR. SIMONDETTI: I think that the export managers here would be able to secure that anywhere without a very great expense.

MR. MORSE: I am afraid my question was not perfectly clear. We find this: In trying to establish a fixed retail price, even when merchandising goods to our own stores where we control all the costs, we find that it costs us more to sell goods in one locality even in this country than it does in another locality and it would naturally be true, even in one country—say Mexico—that it would cost more to sell goods at some interior point than it would to sell them at Vera Cruz. I am talking now about retail selling cost, which was the point Mr. Simondetti brought out in his paper. Would it not be well to get information regarding

selling costs at different points and apply it to the direct retail prices, or would it be better to put the burden on the consumers buying at those points?

MR. SIMONDETTI: I find that if you mean to stay there for a number of years and to develop the trade that the initial cost is well worth the effort.

DIRECTOR GENERAL BARRETT: I am going to ask Mr. McQueen, Chief of the Latin American Division of the Bureau of Foreign and Domestic Commerce to say a few words to you. I am sure you will appreciate the opportunity of hearing him.

MR. CHARLES A. McQUEEN delivered the remarks appearing on page 244.

DIRECTOR GENERAL BARRETT: I am very sorry to announce that Hon. W. B. Colver, the Chairman of the Federal Trade Commission, is prevented from attending the Conference. He has sent us, however, one of the ablest experts of the Commission, who will speak to us on the Webb-Pomerene Act, to which subject he has been devoting considerable time and study. I have great pleasure in introducing to you Dr. William Notz, of the Export Trade Division of the Federal Trade Commission.

DR. WILLIAM NOTZ read the paper given on page 247.

DIRECTOR GENERAL BARRETT: I am now going to ask Mr. Benjamin Catchings, a lawyer of Washington and New York, who has been very much interested in this matter to take the same amount of time in discussing the Webb-Pomerene Act in relation to our trade with Latin America.

MR. BENJAMIN CATCHINGS read the paper given on page 250.

DIRECTOR GENERAL BARRETT: I will now ask Dr. H. Richards, Secretary of the American Metric Association, to give us about five minutes upon the paper of the President of the same association, Dr. George F. Kunz, who has been prevented from attending the Conference.

DR. H. RICHARDS, JR., read Dr. Kunz's paper given on page 266.

DIRECTOR GENERAL BARRETT: I now have the pleasure of introducing Mr. F. A. Halsey, Commissioner of the American Institute of Weights and Measures.

MR. F. A. HALSEY read the paper given on page 270.

DIRECTOR GENERAL BARRETT: I am sure we are very grateful to the gentlemen who have addressed us this afternoon. Now then the meeting is open. Mr. Wing B. Allen, I wish you would give us about three minutes on general observations.

MR. WING B. ALLEN (New York): I have not a single thing to say except the thoughts that have been passing through my mind here today by listening to the different papers read. The thing that impresses me most is that all these papers are discussions about how we can sell goods in South America.

I read a story once about a convention like this where a common delegate got up and after they had talked all about the exports of the United States he wanted to know something about the imports to the United States, especially from Latin America. Most of us are Americans here, although it is very noticeable that there are a large number of Latin Americans here, but there ought to be more of them. We ought to have equal representation, at least.

These thoughts have been going through my mind, that we are too selfish, we are always thinking about what we can sell, what we can get from Latin America and we are never going to make much progress along this line until we consider what we can do for Latin America, what we can buy from Latin America, what we can exchange with Latin America.

I am trying to do some work along this line myself. If you will permit me this personal word, we are publishing two papers, one of them is devoted to Latin America and the other to the United States. They are both related to each other, they are working for closer relations and better acquaintance. For many years I

have attended these conferences and conventions where the subject was Latin America and, as usual, the Latin American trade which we might obtain. Time and time again I have heard public men say, talk about our help to Latin America. Yes, and they usually wind up by saying that what is needed in the situation is to know those people better and that they should know us better. I have heard that so much that I wondered why something wasn't done about it, why some effort wasn't made to get better acquainted. So I decided to do something. I decided to tell the people of the United States something about South America and we are going into our English papers as South Americans and printing a Spanish paper and trying to tell the Latin Americans something about the real United States. We are not getting that paper up like commercial dope, we are not bragging about the excellence of our goods or the credits which we can give them or anything like that; we are trying to tell them the ideals of the United States, our objects in the matter, something about our standards of living, in order that they may understand the real friendliness of our people.

We are telling the people of this country about the Latin Americans, explaining the things about them that we haven't understood. We have studied these things and we are trying to tell what we have learned. You men can do the same thing in your business with these countries. You might stop and think once in a while, and if you can help them dispose of some of their goods up here, it will help a great deal to bring about those friendly relations which everyone is talking about.

DIRECTOR GENERAL BARRETT: Mrs. Calley, may we have the pleasure of hearing from you?

MRS. JOAN CALLEY delivered the address which appears on page 356

DIRECTOR GENERAL BARRETT: Thank you very much.

Will Mr. Alpers, of the General Drafting Company, give us a word?

MR. ERNEST ALPERS: *Mr. Barrett, Ladies and Gentlemen of the Conference:* For some years the General Drafting Company has been collecting geographical, industrial and commercial information about Latin America and for two years has had in preparation a commercial and economic atlas which aims to clarify all transactions and simplify all transactions of business in Latin America. The geographical data has been taken from the best maps of the country, supplemented and corrected from the field notes of scientists and explorers who have made a life study of the subject. The information has been taken from Departments of the United States Government. This volume will contain among other subjects of interest to the American business man a new map of all of the Latin American countries arranged in an easy and cheap form. This will all be on the same scale. There will be a series of maps of the various countries showing climatic conditions, economic features and the possibilities of each country. A series of charts will indicate the growth and development of the export and import trade between Latin America and the United States, and the text matter will as far as possible treat of industrial opportunities.

A special article by Mr. William C. Wells, the chief statistician of the Pan American Union, will explain in detail the business customs, the monetary systems, the tariff laws and the best methods of selling, packing and shipping to the continent south of us. In short, the object of this work is to awaken in the mind of the American merchant the business opportunities in this new field and will enable him to estimate the buying power of each of these countries as applied to the goods he himself manufactures.

DIRECTOR GENERAL BARRETT: I will next call on Mr. Henry Coronado for just three minutes.

MR. CORONADO: *Ladies and Gentlemen:* Many interesting points have been brought to the consideration of the Conference during these past sessions, but I wish to call attention to one special point which is of great interest to the American manufacturers and their representatives in the United States. That is what we may call salesmanship—how to approach the customer in South or Central America.

There are two different ways for the manufacturer to approach a customer in the Latin American countries and secure his interest. One is what we may call direct, and the other indirect. By indirect approach I mean advertising. There are different ways of advertising. We can use the newspapers, we can use catalogs,

booklets, pamphlets, but I wish to call to your attention this fact which is of great interest: Many of the American manufacturers who have sent catalogs to the Latin American countries have undertaken to send them printed in the English language. We are very fond of the English language and all foreign languages, and we appreciate very much the quality of the catalogs which firms of the United States send out, but I might say that 90 per cent of those catalogs and booklets and printed matter sent in English is worthless—they go right into the wastebasket.

The consumer does not understand English, therefore the merchant is losing money in printing the catalog in English.

The second way of advertising is for the salesman to approach the customer personally. That is another thing that it is necessary to consider—the knowledge of the language of that country which the salesman must possess. For instance, if I come here and make an address in Spanish or Russian, would it be any use for you to hear me? I might have a great deal of experience in South America and in Europe and give you the benefit of all that knowledge, but you would say, "We don't know what he is talking about."

A knowledge of the language, as well as a knowledge of the goods which he is selling, is absolutely necessary to the successful salesman in South America.

DIRECTOR GENERAL BARRETT: I will ask Mr. C. F. McHale of the National City Bank to say just a word.

MR. CARLOS F. McHALE: *Ladies and Gentlemen:* I would like to say a few words in reply to what Mrs. Calley said about the ability of Americans to learn languages. The system of teaching languages has not been a very good one, and we cannot expect good results from bad methods. I do not pretend to think that my method is the right one, but it is a well known fact that if we give theory only to a student we can never expect very much when we want to put the theory into practice. We have no time to think of the grammatical rules. But if we teach practice all the time and do not take grammar as the only basis for learning the language, we will be successful.

I have taught Spanish in England, in France and in this country also to English-speaking people in South America. I have had a great many hundreds of students who come from all the colleges. We get fifty students every summer coming from the different colleges in the country who have been studying foreign languages as if they were dead languages. They know all the rules but they cannot ask for a piece of bread. If we change our system of teaching Spanish (and the American Association of Teachers of Spanish is doing a good deal along this line), we can be sure that we will get better results.

MRS. CALLEY: Mr. Director General, I did not wish to imply that there was anything wrong with our heads; I was merely speaking of the situation as it actually is. We do not now have business men who know the selling end and also have such perfect control of the languages of South America that they are not somewhat hampered in their commercial relations by their necessarily thinking sharply of the meaning of the communication all the time. I know the City Bank classes, but you cannot teach anyone to speak any language fluently in three months, not with our average American.

MR. McHALE: That is true, but if a teacher speaks fluently he can give practice to his students and then they will learn something. But most of our teachers simply tell them to prepare for the next class from page 17 to page 23, and they simply learn a lot of rules.

DIRECTOR GENERAL BARRETT: Now I must bring this discussion to a close. I will now call upon Mr. A. B. Howard of the American Chamber of Commerce in Buenos Aires to address us.

MR. A. B. HOWARD (Buenos Aires): I am particularly proud to represent here the United States Chamber of Commerce in the Argentine, because as an American resident in Buenos Aires and a Socio of the Bolsa de Comercio of that city, I know that the work being carried on by the North American Chamber there is of inestimable value to you as well as to the trade in general.

The United States Chamber of Commerce in Buenos Aires is a member of the North American organization of the same name, and is the body universally recognized by residents of Argentine as representative of North American trade

and interests there. Its active membership consists of over one hundred United States firms and companies doing business in the Argentine as well as rapidly growing Associate Membership in the United States.

The objects of the Chamber are entirely unselfish and altruistic, being to further the development of commerce between the United States and Argentine, promote measures calculated to benefit and protect the interest of companies and citizens of the United States; to represent and give effect to the opinions of the mercantile community of the U. S. in Argentine, and to maintain on a high plane the civic and commercial reputation of the U. S. while retaining due affiliation with the U. S. Chamber of Commerce here, and like bodies.

The Arbitration Committee of the U. S. Chamber of Commerce in Buenos Aires, in which I have the honor to serve, sat upon some two dozen arbitration cases in the first two months of its existence.

The Chamber maintains in Buenos Aires at 455 Calle Bartolomé Mitre luxuriously appointed quarters continuously open together with an adequate library and information files, all in charge of a competent permanent manager furnished with three permanent assistants, which staff will be increased as needs demand.

We are exceedingly anxious to extend our Associate Membership among North American business men, not on account of the financial return, as the dues for such membership are purely nominal, but to widen our sphere of influence, contact and helpfulness.

I shall be only too glad to speak privately with any here who would like further information and can only close by saying that we are on the ground there, and speak not only Spanish but Argentine, not only English, but American.

Our ideas are entirely unselfish, and our desires are to further the good name and trade of each country in the other. Our services are yours to command in the general interests of the cause. Can you ask more?

DIRECTOR GENERAL BARRETT: Now I want to ask the dean of all Conferences, Mr. A. B. Farquhar, to say just a word before we close the afternoon session.

MR. A. B. FARQUHAR: I have a great advantage over you, of course, in being older. I am over eighty years old and I am acquainted with more people, and the more people I see the fonder I am of them, the more interested in them I become.

In regard to South American trade, you must make it your interest to deal with them as you wish them to deal with you—give them packages as they want them, give them time to pay for their goods. My experience of sixty-three years in business and fifty years dealing with the South Americans is that they are the safest and the most satisfactory people to deal with of any in the whole world. We have no trouble with them at all. We simply treat them rightly and fairly.

(Announcements by Director General Barrett.)

Adjournment.

EVENING SESSION

The Conference was called to order at 8.30 o'clock by the Director General, who presided.

DIRECTOR GENERAL BARRETT: Mr. Whitney, could we hear from you for three minutes?

MR. R. I. WHITNEY (Washington): One of the things that has suggested itself to me during this Conference has been the need of more information in North America regarding people conditions and countries of South America. The people of the United States are far more ignorant of their Latin American brothers than the Latins are of us. It would be a good idea for every father in the United States to see to it that his children study Spanish in the schools and to further their knowledge of Spanish and of the Latin American countries by subscribing to any one of the many excellent newspapers published in the Latin American countries and have them in their homes. Nothing aids the members of a family so much in geography, history and the conditions of other countries as the reading of the newspapers of those countries, and with a Latin American newspaper in every home, the women and children would quickly become interested through their efforts to read the newspaper articles in those publications, and this would further the study of geography and history as well as of language.

My five year old girl greets me every morning now with "Buenos días!" They will pick it up very quickly and readily if they begin young enough.

DIRECTOR GENERAL BARRETT: We have here one of the most distinguished Argentinians, a great lawyer in New York City and in Buenos Aires, Señor Enrique Gil.

SEÑOR ENRIQUE GIL: In answer to the kind suggestion of the Director General, I just want to deliver a message to you. About a year ago I was in Argentina and I am very glad to be able to tell you tonight that Americans are the best liked foreigners in my country today. This has been brought about due to three factors:

In the first place, the speeches of President Wilson are read and commented upon by everyone in Argentina. In the second place, the newspaper propaganda down there, and in the third place the enormous development of the American moving picture business in Argentina which has given to us a better, wider, and—even if the word may amuse you—a more romantic idea of what the United States really is. (Mr. Gil's paper appears on page 283.)

DIRECTOR GENERAL BARRETT: Mr. Alves de Lima, we are having just a little open discussion here with two minute speeches. I request you, as the Consul General at large of Brazil to say something to the Conference in regard to Brazil.

SENHOR J. C. ALVES DE LIMA: All I can say about Brazil is this: So far Brazil has been a great coffee district but there is something more important than coffee. I am just now preparing an article that I am going to offer to you about the Brazilian palm trees. Coffee of course is very important but this is more important than coffee and I should be glad to have you read this article. (See page 117.)

DIRECTOR GENERAL BARRETT: In just three or four words, tell us what you consider the prospects for development of commerce between Brazil and the United States?

MR. ALVES DE LIMA: The problem of developing commerce with any country, especially with the United States, is to have reciprocity. I have been writing about this matter for some time and I am satisfied that the Brazilian Congress has authorized the entering into an alliance with any country that will be willing to exchange our products. I hope that hereafter the business men will realize that Brazil will produce what the United States cannot produce, and vice versa, and I do not see why we cannot have free interchange. We produce what you cannot produce, therefore there will be no conflict of interest. As I see it, a free interchange between the United States and Brazil is a necessity. I understand the United States receives more than four hundred million pounds of coffee from Asia, when you might get it right from Brazil.

MR. R. C. DE WOLF: While listening to Mr. Gil it occurred to me that American moving pictures have done so much to acquaint the South Americans with our customs and mode of living and of our business, that it would be a good idea to begin constructing motion pictures of South American life so that we might get an equal idea of their customs. Of course we have pictures of South American scenery such as we have here, but what we need is something which will truthfully and at the same time dramatically represent social conditions and the life of the people there.

One of the greatest instrumentalities for disseminating correct ideas and mutual understanding between the two Continents that can possibly exist is the motion picture. (Mr. De Wolf's paper is given on page 285.)

MR. GIL: I would like to explain, in answer to the question about the lack of news, that *La Nación* of Buenos Aires, one of the leading newspapers in Argentina, has initiated a cable news service from Buenos Aires and from all South America with some Mexican newspapers and with *La Prensa* of New York and with *El Diario de la Marina* of Havana, which has a day service of about 3,000 words a day.

DIRECTOR GENERAL BARRETT: We will now proceed with the regular program. The initial paper is by Honorable Otto Praeger, who has made a most careful study of this important question of the parcel post. I have great pleasure in introducing to you as the first speaker of the evening a man who has not only

studied the parcel post from the standpoint of the United States but also from the standpoint of Latin America—Honorable Otto Praeger, Second Assistant Postmaster General of the United States.

THE SECOND ASSISTANT POSTMASTER GENERAL (after reading the paper given on page 275): Gentlemen, I have vaguely sketched our parcel post regulations, our relations with South and Central America, in the hope that it may suggest to you problems that are uppermost in your mind, questions that you would desire clarified in our relations and I will be glad to be of any assistance and reply to any questions that may suggest themselves to you.

DIRECTOR GENERAL BARRETT: Following the address of the Second Assistant Postmaster General, I want to ask if anyone here desired to propose a question or make a suggestion?

MR. McHALE (New York): I hear there has been some trouble in the parcel post service between Chile and the United States, and I would like to know if it has been settled.

MR. PRAEGER: All trouble has been eliminated. The treaty, after long negotiations, was signed by the Postmaster General and the Ambassador of Chile and has been sent to Chile for ratification. Chile has meanwhile authorized the sending of parcel post to this country and we will do likewise.

MR. H. S. HARRISON (Philadelphia): This morning there was a discussion of the commercial and air transportation and while the question of the mail was alluded to, I would like to ask what plans, if any, the Government has for the use of the airplane for carrying foreign mail, including parcel post.

MR. PRAEGER: The air mail is just now my special hobby. We are going thoroughly and deeply into that problem. The air mail service has been outlined to cover Cuba, the West Indies, with the southernmost point of the Panama Canal Zone. It depends upon two things—(1) the development and construction of a suitable and powerful enough airplane to cross the large stretches of water that will be encountered between the Isle of Pines and Panama, and (2) the extent that Congress is willing to enter upon an aerial mail program, costing approximately \$3,000,000, to carry out the Post Office Department air mail program which includes going to the West Indies and Panama.

DIRECTOR GENERAL BARRETT: For the next speaker I am going to call upon a man who has a national reputation because of his knowledge of trading relations between a great firm in the United States and Latin America, and other foreign countries—Señor Frutos Plaza, of Montgomery Ward and Company, of Chicago.

SEÑOR FRUTOS PLAZA read the paper given on page 277.

MR. F. E. TITUS (Akron, O.): The speaker differentiated between the standards of packing for the interior and coast cities. Do you consider that the purchaser in a foreign country should pay the difference in the packing for the interior points as against the packing for the coast cities? In price I assume that both customers are identical and yet the tin lined or oil paper box, more expensive on a small low-priced article would not be absorbed in the cost as against the ordinary paper wrapping used for the coast city.

MR. PLAZA: In the first place, in ordinary paper we do not make any charge to the customer at all. Then we make a very slight charge for tin lined boxes and explain to our customers why we do it. We pass that charge on to the cost.

DIRECTOR GENERAL BARRETT: If there are no other questions, I call upon the next speaker. You are going to listen now to one of the younger generation coming on in Cuba, a man who has already made a reputation there which places him among the foremost, who has been chosen because of his quality to be the head of this great new International Trade Mark Bureau in Havana, a man picked for his real quality. I have great pleasure in introducing Dr. Mario Diaz Yrizar, Director of the International Trade Mark Bureau of Havana.

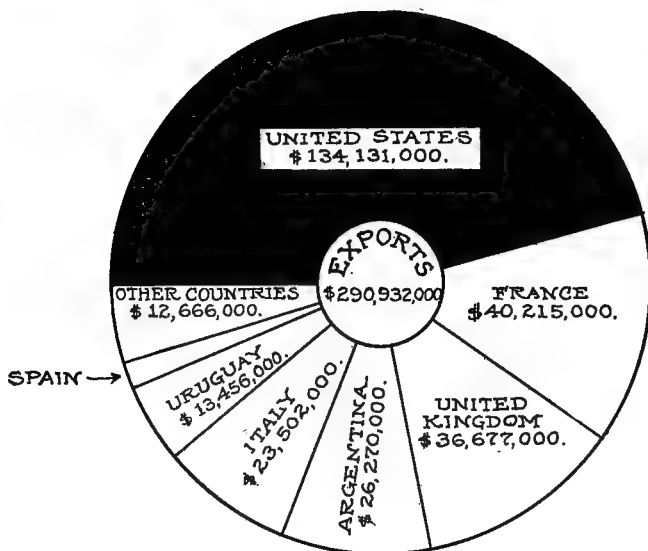
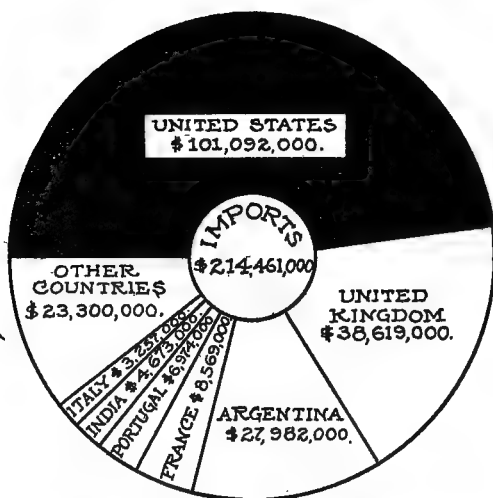
DR. MARIO DIAZ YRIZAR read the paper which appears on page 281.

MR. C. VOGEL (Philadelphia): I should like to ask the speaker three questions. The first one is regarding the Berne trade mark convention. Certain countries are members of that convention. If a firm in Europe registers in this country,

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TOTAL \$ 505,393,000.



that trade mark will automatically be registered in South America where they have a membership in this convention. If an American should register in the Latin American countries, should there be interference with the Berne convention or would it be automatically excluded if it has already been registered in the Berne convention?

DR. YRIZAR: The Berne convention has nothing to do with the Buenos Aires convention. The Berne convention applies to nations in Europe and some of America, while that of Buenos Aires is for American nations only.

MR. VOGEL: A question regarding trade mark piracy, the stealing of trade marks. Will any recommendation of a remedy be offered to American firms who have clear right to priority of a trade mark which is very evidently appropriated unjustly by a firm in a South American country?

DR. YRIZAR: Well, I do not know about the South American countries. I know that the Cuban laws prohibit piracy, and anyone who attempts it is put in jail.

MR. VOGEL: If one should have registered your trade mark in Cuba before you have done so, would you be able to recover your rights under this convention if you are the clear original owner of the trade mark?

DR. YRIZAR: Yes, there is a six months priority provided for by the convention. If you apply for a trade mark six months before any merchant applies for the same trade mark in any of the American countries, that rule applies.

MR. VOGEL: The third question refers to the time that is now lost by registering previously in the United States Patent Office.

DIRECTOR GENERAL BARRETT: I am sorry that we have not a longer period of time to listen to such an eminent authority as the Hon. James T. Newton, but he has kindly yielded out of his time to our distinguished visitor from Havana. In the few minutes that are left, I am going to ask Mr. Newton, the distinguished United States Commissioner of Patents to say a few words, very briefly, and then if anyone wishes to ask him a question, I am sure he will be glad to answer.

THE UNITED STATES COMMISSIONER OF PATENTS: *Ladies and Gentlemen.* In 1910 a convention was adopted between the American Republics for the protection of trade marks. When I say trade marks, most of you see visions of something that you do not understand but a trade mark is nothing but a name and the object of this convention was to protect these trade marks.

A man's reputation in his business is his principal asset. A trade mark is nothing but the name of his reputation. If I should tell you the amount of money that was spent on advertising and getting a reputation through trade marks, you would not believe me. I know of issues of papers that charge fifty thousand dollars for one advertisement of a trade mark.

Trade marks, therefore, become valuable because they are a man's reputation, they stand for him, they are the principal assets of a great many businesses. It is for the protection of these trademarks that this convention was entered into and after the convention was adopted by these Republics in 1910 it practically lay dormant until a few years ago, two or three years ago, when Dr. Rowe, and Dr. Maguire began to agitate it, and they have succeeded in getting several of the Latin American countries to join with the United States in ratifying this convention.

The convention divided the Republics into two groups—the northern group consisting of the United States, Canada, Guatemala, Costa Rica, Hayti and several others, fifteen in all, enough of them have adopted this convention to authorize the establishment of a Bureau at Havana of which Dr. Yrizar, whom you have just heard, is Director.

My object in coming here tonight was to appeal to my friends in the Latin American Republics to enter into this convention. Four of the southern group of countries have adopted the convention—Bolivia, Uruguay, Paraguay and Brazil. We need two more to adopt it in the southern group before we can establish a registration bureau in Rio de Janeiro and my only object in presenting this to you tonight is to urge upon those delegates from the other states to join the convention. You will benefit by it as well as we. Your countries have different trade mark rules and regulations than ours, you have no trade mark until it is registered. We do not require registration and it has required some effort on our part to reconcile

these laws of ours with yours in order to have them make provision for the use of these conventions.

I wish you could realize the importance of this matter from a practical standpoint as I realize it. I have thousands of applications in the Patent Office only waiting the ratification of this treaty and the establishment of these bureaus for the South American republics before American business men will rush there to register their trade marks. I had one firm last week file five thousand dollars worth of applications for registration of their trade marks in South American countries and we only ask that you ratify this convention and enter into it with the spirit that we do to protect your honest dealers and the reputation of those men who have spent fortunes in making their reputations, to establish them there, and nothing that I know of will enhance the trade relations between the Republics more than this step.

DIRECTOR GENERAL BARRETT: Are there any questions?

I have great pleasure now in introducing to you one of those men who is as much North American as he is South American, bearing a Latin American name, who is known throughout this country as one of the best authorities on Pan American commerce. Señor Vicente Gonzales, Foreign Trade Adviser of the Mercantile National Bank of the Americas.

SEÑOR VICENTE GONZALES: The subject on which I am requested to speak to you tonight is not my choice. It has been wished on me, but you know Mr. Barrett—you have to do what he wants. He is so big, you know, and so good, always doing all he can for the trade relations between the Americas and you feel like you have to please him. He has asked me to speak about a subject which I dislike, because I have to knock it. If I annoy you, please blame him and not me for it.

I am to speak to you about the consular and customs regulations with our Latin American trade, which I call a regular nuisance. I do not want to criticize and be personal with any country, but the variety, the continuous changes have made them, as you will all agree with me, a real nuisance. The consular invoices were intended to assist the Governments in compiling statistics and checking in ports, but they have gradually become, little by little, an essential document without which shipping documents are not complete. (Señor Gonzales then read the paper given on page 287.)

DIRECTOR GENERAL BARRETT: I now have great pleasure in introducing to you Mr. F. B. Purdie of R. G. Dun and Company, one of the best informed men on Latin America.

MR. F. B. PURDIE read the paper given on page 256.

DIRECTOR GENERAL BARRETT: It gives me pleasure to introduce Dr. F. R. Rutter, the Statistical Adviser of the Bureau of Foreign and Domestic Commerce, and one of the best authorities on the tariffs and other regulations governing Pan American trade.

DR. F. R. RUTTER: Mr. Director General, Ladies and Gentlemen: It is a very embarrassing position for a man with nearly a theoretical legal knowledge of the tariff regulations of South American countries to speak after Mr. Gonzales has discussed the subject in such a thorough way. Like him, and like one other speaker, I fear that I must apologize for saying some unpleasant things. (Dr. Rutter then delivered the remarks given on page 292.)

DIRECTOR GENERAL BARRETT: Has anyone a question to ask Mr. Rutter?

I have a telegram here from the very efficient Chief Clerk of the Pan American Union, Mr. Franklin Adams, who is now in South America, sent from Santiago, Chile. He says: "The Chilean press reflects marked and notable interest in the Pan American Conference. Congratulations from us here." That is a good thing to hear, considering that is twenty-five thousand miles away.

(Announcements.)

(Motion pictures.)

Adjournment.

THURSDAY, JUNE 5, 1919
MORNING SESSION

The Conference was called to order at 10 o'clock by Director General Barrett. The session was presided by the Assistant Secretary of the Treasury, Dr. Leo S. Rowe.

DIRECTOR GENERAL BARRETT: We are entering this morning on the third day of perhaps the most remarkable conference, in attendance and representation, that has ever been held in this building.

(Announcements.)

I now have real pleasure in introducing one of the dearest and best friends and collaborators I have had in the cause of Pan Americanism during the last seventeen or eighteen years, a man who has given so much of his time from the Treasury Department to helping to organize the International Joint High Commission and now is promoting the commercial and financial relations of North and South America. I have great pleasure in introducing Dr. L. S. Rowe, the Assistant Secretary of the Treasury, who will preside over this session.

THE ASSISTANT SECRETARY OF THE TREASURY: *Your Excellencies, Mr. Director General, Members of the Conference, Ladies and Gentlemen:* I want in the first place to express to this Conference the warm greetings of the Secretary of the Treasury, and, at the same time, to express to each and every one of you his sincere regret that imperative official engagements, which have taken him out of the city, have prevented him from attending these sessions.

I also wish to express, and if I may be permitted to join thereto my own deep sense of appreciation, to the Governing Board as well as to the Director General of the Pan American Union the great satisfaction of the Secretary of the Treasury for the very real national and international service that they have performed in bringing together this notable body to discuss questions of such deep import to the present and to the future of this continent.

The Secretary of the Treasury has also authorized me to make an important announcement to this Conference. The President of the United States, on the recommendation of the Secretary of the Treasury, has decided to convene the Second Pan American Financial Conference on January 12, 1920. You will all recall that the first Conference was held in May, 1915, on the recommendation of the then Secretary of the Treasury, Honorable William G. McAdoo, and it was called at that time in order to discuss the very difficult situation, financial and industrial, that had been created for all the countries of the American continent by reason of the outbreak of the European war.

The Second Financial Congress will convene at the close of the war for a further interchange of view, of experience and counsel with reference to the many and difficult problems that are confronting both Governments and peoples of the American Continent at the close of the European War.

The delegations from each of the countries will be presided over by the respective Ministers of Finance, and the Secretary of the Treasury of the United States will have the opportunity at that time to hold a special conference with the Ministers of Finance of all the Republics of the American Continent with a view to this interchange of experience, of counsel and of policy. I may add, however, that the period between the first and the second Conference, a period now of little over four years, has been fruitful of important results by reason of the fact that the first Conference provided for a definite mechanism and organization through which the Resolutions of the Conference were to be put into execution.

I will not burden you with a recital of the problems to the study of whose solution the International High Commission has devoted itself. I shall content myself with a reference first to the installation of the great Bureau of International Registration of Trademarks at Havana, the organization and operation of which was so eloquently placed before you by the distinguished Director of that Bureau whom I see here this morning, Dr. Mario Diaz Irizar of Havana; and, second with the expression of the constant hope and expectation that prior to the assembling of the Second Pan American Financial Conference, the Southern Bureau to be established at Rio de Janeiro will have been organized, because for the pur-

pose there is now only required the approval of two further States of the South American group. With their approval, the registration of trademarks throughout the American Continent, their complete protection will have become an accomplished fact.

I refer furthermore to the advance of the principle of commercial arbitration as a substitute for the long and weary judicial procedure, and which is now in successful operation between the Chamber of Commerce of the United States and that of Buenos Aires.

Furthermore, the extension of the commercial travelers' treaty under which the vexatious local tax is placed upon commercial travelers, will be eliminated and business men will know exactly before sending a commercial traveler to any Latin American country the precise amount which they will have to pay as a license to do business.

Moreover, the gold clearance fund treaty has been brought to a stage which, prior to the assembling of the next Conference, will make it an accomplished fact, at least between some of the countries, and will thus avoid the constant shipment of gold from one country to another.

But, gentlemen, I feel that my duties and my conscience are weighing rather heavily on me this morning and I must therefore summarize the work that has been done during these four years by the International High Commission in preparation for the forthcoming Conference to be held in January next.

Before introducing the first speaker of this morning, there is one matter to which I want to direct your attention. We have become so accustomed to the phrase that the world is entering upon a new epoch of development that I fear it has lost its real significance for many of us. I fear that our senses have become somewhat dulled by reason of the series of deep and moving impressions, which we have received during the last four years, and that when people now speak of the world entering upon a new period of development, we regard it as one of a series of phrases to which we do not give much heed or much thought.

The remarkable address delivered by Mr. Vanderlip last week in New York was at once an indication and a warning to the people of the United States to bear in mind the fact that we are at a turning point and that it depends upon our effort, whether that turn shall be to the right or to the extreme left. We are at a period at which Europe looks to America for assistance, for the means of rehabilitation, for the wherewithal to prevent starvation, and that world situation places new obligations upon the countries of this Continent.

We have been accustomed to talk and to discuss as if the amount of capital available were unlimited. Gentlemen, we are now at the point at which there is by no means an adequate sum of capital goods with which to meet the needs of Europe and of America, and in the world reconstruction that is now taking place, the countries of this Continent and especially our neighbors to the south, the countries of Central and South America, must also feel a new obligation resting upon them. The entire American Continent might very well be designated, and probably will be designated a hundred years hence, as the wasteful continent. There is no part of the world that has any conception, that can offer anything like the parallel to national and individual waste such as all the countries of the American Continent can offer.

The United States until very recent years never developed the amount of capital for its own development which should have been the case. Many years ago, if we had been a thrifty nation, if we had had any conception of what thrift meant—compared with the French or the Italians or the Belgians or the Dutch—we might have furnished to the countries of Central and South America ten, yes twenty times the capital that we have furnished; we might long ago have become a creditor rather than a debtor nation, and it was only under the strong compulsion of war and of dire necessity that we established our new position.

Gentlemen, it is now a matter of world importance that every country of the American Continent develops for itself a far larger amount of domestic capital than heretofore, and that means that every country of the American Continent—the United States included—shall impress upon its people, if necessary through educational campaigns, the importance as a duty to themselves and as a duty to the world to develop new capital through thrift, through saving.

That is a campaign which is also quite as necessary in every country of Central and South America as it is in the United States. In our discussions we often assume that these countries are going to be indefinitely dependent on foreign capital.

It is not well that they should be. It is not well for themselves; it is not well for the world.

Up to the present time we, as well as they, have been permitted to indulge in the luxury of wastefulness because it did not seem to do great harm to ourselves and it did not do any real harm to anyone else. But wastefulness today is an offense against the civilized world, especially when you stop to view the picture which Mr. Vanderlip has so vividly painted in his recent addresses, and I know of nothing that is so important as a campaign of education in every country of the American Continent, a campaign which shall have as its purpose that domestic capital shall meet domestic needs and that it shall do so as rapidly as possible.

In the next few years to come, owing to the fact that most of the countries of Central and South America have not the available capital, close financial cooperation will be necessary, but even there we are in a sense trustees. That capital should be directed to the purposes which will increase the food supply, the supply of raw material which the entire world needs so greatly. America during the next few years must regard herself as a trustee for the world at large. By so doing, she will benefit herself, even to a greater degree than she will benefit the war-stricken countries. She will benefit herself and she will incidentally carry a step forward the development of her own industrial democracy and accompanying that large benefit to herself she will also be doing a real service to mankind.

But, ladies and gentlemen, this is a point which I hope very much will be touched upon by the first speaker of this morning, coming as he does direct from the scenes and from the conditions which require such immediate assistance from America. I have always regarded Mr. Vanderlip as one of the greatest educators of the United States. His interests have always been in finance and in banking and in the formation of great projects, great statesman-like projects of national and international betterment. I have always regarded him fundamentally as an educator, and I venture the guess that his primary interests are educational in the broad sense. I present him to you, therefore, as the educator of American public opinion, rather than as a banker. Mr. Vanderlip.

MR. FRANK A. VANDERLIP delivered the address which appears on page 298.

DR. ROWE (Presiding): The inspiring address that we have heard from Mr. Vanderlip must impress every one as indicating that in a sense America, as a result of this war, has become the Old World and Europe has become the New, and that the relationship between what was the old and the new has now been turned into a new relationship with new obligations and with a new duty resting not only upon each of us but upon each member of the respective countries of North, Central and South America.

I have such a deep personal affection for the next speaker that I wish I might introduce him by a recital of his personal traits rather than his financial achievements. I must, however, exercise self-control in the matter and say to you that you are now to hear from the leading financier of Chile, and from one of the leaders of finance of this Continent. Under his direction that great Bank of Chile—Banco de Chile—has acquired a position second to none amongst the national banking organizations of the American Continent.

We had the pleasure of welcoming him as the official Delegate of Chile at the First Pan American Financial Conference at which time he won our hearts and we now welcome him not only because of his achievements as a financier, but also because of the warmheartedness, the enthusiasm, which he has always shown for the people and the institutions of the United States.

I have great pleasure in presenting to you Dr. Augusto Villanueva, Director of the Bank of Chile.

SEÑOR AUGUSTO VILLANUEVA: *Mr. Chairman, Mr. Director General, Ladies and Gentlemen:* I feel truly ashamed of speaking now of minor and local topics after the great problems that have been treated by Mr. Vanderlip and after

the very kind words of Mr. Rowe. But the Governing Board of the Pan American Union has honored me by requesting me to read a paper on financial matters before the Second Pan American Commercial Conference, and although I feel that a difficult task is imposed upon me, I shall gladly try to do my duty. (Señor Villanueva then read the paper which appears on page 131.)

DR. ROWE (Presiding): After listening to this excellent exposition of finance, I am now going to present to you a man who, in my mind, embodies, personifies, incarnates, dynamic America, one of the real industrial statesmen of the American Continent—Charles M. Schwab.

MR. CHARLES M. SCHWAB delivered the address which appears on page 300.

DR. ROWE (Presiding): I am certain that Mr. Schwab's speech fulfilled the expectation and surpassed the expectation of all of us who are privileged to listen to him. We have heard from a distinguished Chilean financier and we are now to hear from an equally distinguished Bolivian financial leader. I know that he speaks English because night before last at dinner I spoke English with him, but I also know that he hesitates and in fact today refuses to speak the English which is at his command and has therefore requested that his contribution to the discussion be read by one of his fellow countrymen.

I desire, however, that the members of this Conference should know him and be able to identify him in case you wish to talk to him personally. I refer to the Honorable Julio Zamora, Special Financial Delegate of Bolivia to the United States. I have great pleasure in presenting you to him.

SEÑOR JULIO ZAMORA'S paper, which appears on page 97, was read by Señor Jorge Barra, his private secretary.

DR. ROWE (Presiding): I wish now it were possible for me to take you all to the State Department, to the office of one of the men who is doing a great constructive work in encouraging American investment in Central and South American countries. Quietly, unostentatiously he is building up a splendid governmental plan and is making effective the interests of the Department of State in the encouragement of American investment. I refer to the Honorable Julius G. Lay, Foreign Trade Adviser of the State Department, who will address the Conference on the interests of the State Department in the encouragement of American investments in Central and South America. I have great pleasure in presenting to you Mr. Lay.

MR. JULIUS G. LAY: *Mr. Chairman, Ladies and Gentlemen of the Conference:* The representatives of the Department of State have so often addressed commercial congresses of this kind on its interest in many other phases of Pan American commerce that I thought you would like to hear something about the interest of the Department of State in the investment of American capital in Latin America. (Mr. Lay then read the paper given on page 302.)

DR. ROWE (Presiding): I am certain that we all derived a very great enlightenment and profit from the important contribution made by Mr. Lay.

I am informed that Mr. Arnold and Mr. Wade are not present and we therefore come to what the Director General informs me will be the closing contribution to the morning session—to be made by Mr. Merrick of Chicago, President of the Chicago Association of Commerce. I may say that Mr. Merrick has been one of the leaders in arousing and developing interest in Latin American affairs in the Middle West and I have great pleasure in presenting him to you.

MR. H. H. MERRICK delivered the address which appears on page 306.

DR. ROWE (Presiding): Ladies and gentlemen, before relinquishing the gavel, I want to express my own appreciation of the privilege of presiding at this notable session and also to express your thanks to all of those who have participated in the important contribution, especially the contributions made by the six

speakers that have presented to you so much food for thought beginning with the speech of Mr. Vanderlip and ending with the speech of Mr. Merrick. To one and all in your name I express our most sincere thanks.

I now relinquish the gavel to the Director General, who will bring the session to a close.

(Announcements.)

Adjournment.

AFTERNOON SESSION

The Conference was called to order at 3 o'clock by Director General Barrett, and the session was presided by Mr. H. C. Parmelee.

DIRECTOR GENERAL BARRETT: You have a very fine array of talent here and we are going to have a very interesting session. This afternoon we take up the relationship of engineering to Pan American commerce, and I am going to turn the meeting over to a man who stands very prominently in this important factor of Pan American trade—Mr. H. C. Parmelee, the editor of Chemical and Metallurgical Engineering, of New York, and I ask you to give him your best cooperation. Mr. Parmelee.

MR. HOWARD C. PARMELEE: *Mr. Barrett, Ladies and Gentlemen:* This Conference is announced as a Commercial Conference, and at first glance it may be a matter of wonderment to you as to just why an afternoon should be devoted to the general subject of engineering. I think, though, that you will agree with me that it is very fitting that it should be so because engineering, after all, is the first aid to the actual carrying out of the aims and purposes of commerce and the ultimate object of business.

We have an excellent example of that in our own country because without any stretch of the imagination we can readily see that the great western areas of the United States could not be so closely united and connected with the great eastern sections were it not for the engineering works constructed by the railroad engineer and the highway engineer and if it were not for the means of communication and transportation that have been established.

It takes vision, sometimes, to see that engineering works will overcome many otherwise apparent obstacles. It is a matter of record in the United States Senate that at one time Daniel Webster, eminent statesman though he was, was wholly unable to see the potentialities of the great western empire which the United States now holds, and he is on record in the annals of the Senate as being utterly opposed to acquiring those great arid wastes, those barren seashores, as he called them, those Rocky Mountains out of which nothing good could come. But as I say, it requires no stretch of the imagination to see that as the great Union Pacific Railroad System was extended westward, the western part of this country became more and more closely united to the east until today the works of engineering unite us into one country, enable us to speak as one, unify us in every respect, and accomplish those ends and aims and purposes of commerce and business which otherwise could not have been accomplished.

The program this afternoon is in general divided into three parts. We have considered the subject of transportation under the topics of railroad transportation and waterway transportation. Then we have also considered the general subject of sanitary engineering or sanitation as applied to the development of commerce and business in any country.

We will reverse the printed order and take up the subject of sanitation, important as it is, in the development of any country, and for the presentation of that subject we are honored in the presence of Major George A. Soper of the Surgeon General's office of the U. S. Army. I need not tell you the excellent work which the army has done in the way of sanitation in all parts of this country and different countries to which we have been called to work, and I know that you will listen to Major Soper with a great deal of interest. I have great pleasure in introducing him to you. Major Soper.

MAJOR GEORGE A. SOPER: *Members of the Conference, Ladies and Gentlemen:* I was asked a few days ago to prepare a paper on a specialized topic and what I have to say will be intended to follow the lines that were so designated. The title was to be "The Effect of Sanitation in Decreasing Municipal Death Rates." (Major Soper then read the paper given on page 339.)

MR. PARMELEE (Presiding): If there are no questions we will take up the subject of transportation in the development of the commerce and business of a country and we have for our first consideration the presentation to the Conference of the general railway situation in Latin America by Mr. Percival Farquhar, who is, I dare say, more familiar with the subject than anyone else who could speak upon it. I have great pleasure in presenting Mr. Farquhar to you.

MR. PERCIVAL FARQUHAR: *Mr. Chairman, Mr. Director General, Ladies and Gentlemen:* The Chairman has introduced this subject as one relating to Latin America. When I received the notification of the Conference, it referred to railways in the Americas and I suppose one reason for considering the problems in the Americas under the same heading was owing to certain fundamental similarities of conditions in contradistinction to those which hold in Europe outside of Russia. (Mr. Farquhar then read the paper given on page 311.)

MR. PARMELEE (Presiding): We will continue the consideration of features of main trunk line railways and Señor Juan B. Rojo, Counselor of the Mexican Embassy, will speak on some features of commerce and transportation in Mexico. I have pleasure in introducing him:

DR. ROJO: I told you yesterday the high figures reached by Mexico in her external commerce. Now, you can see the plans that we have for trade expansion: We want all the interoceanic freight we can move across the Tehuantepec Railway.

We have under discussion with the United States Railroad Administration the resumption of the interoceanic freight service and direct Pullman service to Mexico City. We are cooperating with the Mississippi Valley Association to send merchandise direct from the river to the Mexican ports of the Gulf. To encourage trade, Commercial Agents of Mexico are established now at New York, New Orleans, San Francisco, Chicago, St. Louis. We would gladly welcome you in Mexico.

MR. PARMELEE (Presiding): I now have the pleasure of calling upon Señor F. P. de Hoyos, agent of the National Railways of Mexico.

SEÑOR F. P. DE HOYOS: I would like to say just a very few words in regard to general conditions of our railroads. I believe the best description I have heard about conditions in general in Mexico was told in a recent Conference in New York, where one of the speakers said to a permanent New Yorker, "Are you going to the country for the summer?" And he replied, "My wife has not yet made up our minds," and he went on to say in the same manner that the moving pictures and the newspapers make up our minds in regard to Mexico and in fact regarding any other subjects with which we are not in constant contact. In every moment of my life in the United States I see people most grossly misinformed about conditions in Mexico. They ask me if we use Pullman cars in Mexico. They ask if we use passenger cars the same as they do here. They even ask me if we have hotels in Mexico.

We have two great systems in Mexico, one known as the National Railways of Mexico, which connects Mexico City with four United States borders, and the other the Southern lines of Mexico which connect the city of Mexico with all the southern and southeastern cities as well as the Guatemala border. Therefore, we have a through rail connection from New York to the Guatemala border, every one of these lines running with more or less regularity at the present time.

Just to give you an idea of conditions in general, our earnings at the present time are greater than they have ever been in normal times, notwithstanding the fact that we have lost during the revolution through destruction and wrecks and other causes about ten thousand of our cars, and our earnings have not been increased over 20 per cent to 25 per cent in freight, and the passenger rates remained the same, which goes to show that our volume of business is greater than it has ever been and we are handling it with more or less promptness. Of course, we are largely handicapped with shortage of power, especially, and we are trying to make

arrangements with the United States to secure some more power which will enable us to re-establish our through building arrangement which we had years ago.

This will give you a general idea of conditions, and if anyone in the audience would like to know either now or after the meeting anything about some particular point, I would be very glad to answer it.

MR. VOGEL (Philadelphia): I would like to ask Mr. de Hoyos whether engines in Mexico are running with fuel oil or whether they are run on coal?

MR. DE HOYOS: About 80 per cent of our engines are run with fuel oil. One or two of the northern divisions which are quite a way from the oil regions are burning coal. We have coal mines in northern Mexico and the old Mexican International, which supplies part of this coal, and some of it is brought from Birmingham.

MR. VOGEL: Are you familiar with the number of tank cars they have in the Mexican railways?

MR. DE HOYOS: I could not say off hand, but I would be very glad to look it up and send you the information.

MR. PARMELEE (Presiding): Now, it must be apparent that when we have gotten our main trunk line railways established, that it is impossible to branch them out into all parts of the country, and as a consequence, we extend our means of transportation by highways and automobiles and industrial railways and aerial tramways and various other methods of transportation, so we will proceed to a discussion of these various methods of feeding trunk line railways, and the first phase of that matter that we will consider is the matter of highways and for the discussion of that I have pleasure in introducing Mr. Charles Whiting Baker of New York City.

MR. CHARLES WHITING BAKER read the paper given on page 323.

MR. PARMELEE (Presiding): Another type of feeder which can be made effective for supporting main line railways is the light industrial railway. Mr. Lloyd Brown of the Lakewood Engineering Company of Cleveland will read Mr. Lang's paper on this subject.

MR. LLOYD BROWN: This paper was prepared by Mr. Lang, President of our Company, who was detained by sickness.

MR. CHARLES F. LANG'S paper appears on page 313.

MR. PARMELEE (Presiding): The subject of aerial tramways as feeders for trunk lines will be presented by Dr. Walter C. Kretz of the Roebling Company, New York.

DR. WALTER C. KRETZ read the paper given on page 316.

MR. PARMELEE (Presiding): We had prepared a symposium on the use of waterways in transportation and as one item in the use of waterways we had thought of considering the use of the water either before or after its use in transportation for irrigation. On that subject, Mr. Charles W. Sutton, who is a consulting engineer specializing in irrigation and who has for ten years been at the head of the National Irrigation Service of Peru, will speak to us. Mr. Sutton.

MR. CHARLES W. SUTTON read the paper given on page 320.

MR. PARMELEE (Presiding): Has anyone any questions to ask or topics to discuss in connection with these points?

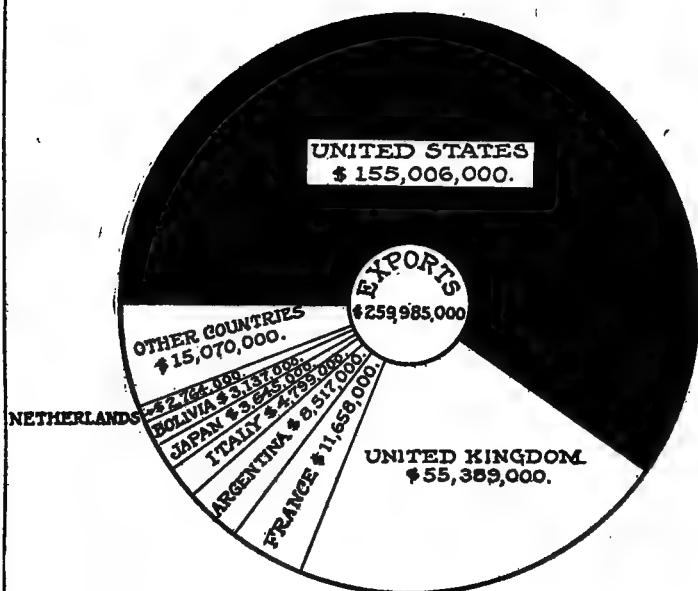
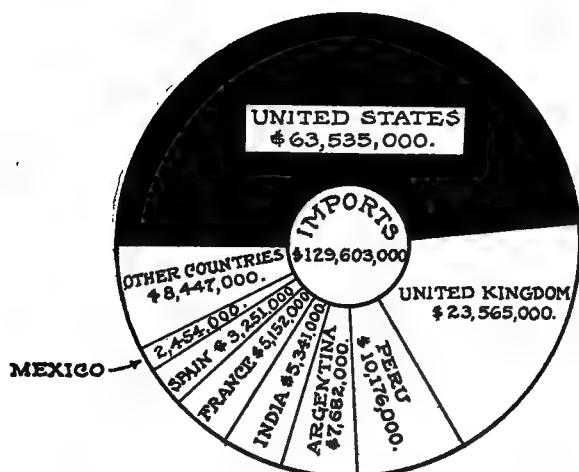
MR. W. N. DICKINSON (New York): Mr. Chairman, I have one question. I think it is in Mr. Baker's paper. He spoke about the cost per ton mile. I would like to know whether or not those figures which he mentioned covered the operating costs plus the maintenance cost plus the interest charges, or just how far they went so far as the figures he mentioned are concerned.

MR. BAKER: The cost under usual conditions is very hardly down in general figures because it depends so much on the volume of traffic you have to move and on the character of it. It is very hard to lay down anything except general

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figures, but from very wide sources it appears that in general, when you take all the expenses of handling the traffic that the cost with water traction very seldom runs below 15 cents a ton mile and that doesn't include the cost of the road, or of the motor truck. It does, however, include the depreciation, cost of maintenance, etc., on the motor trucks.

MR. DICKINSON: And the interest on the original investment also?

MR. BAKER: Yes, interest also, but not the road expenses. In order to get that you have to take first what it costs to build your road, then the interest on that per annum, then what it costs to maintain it, and then the annual depreciation, figuring that it will have a certain life and at the end of that time you have to practically rebuild the road. Then when you get that you find what it costs you per annum, total cost per annum per mile for that road and divide that by the tons over that road and you get the charge per ton on it. Adding that to your cost of moving the material itself, the ton mile cost, you get your total ton mile cost in the road. It is in detail on my paper.

May I say one more thing? I was very much interested in the paper on the tramway and one point that Mr. Lang brought out is that the tramway does something that in certain conditions we cannot do with anything else. In a very rough, mountainous, broken country the tramway will give access to mountain top or very rough regions which we cannot obtain in any other practical way and in some very mountainous regions like the Andes, for instance, it does contribute a very good prospect for a satisfactory future.

MR. PARMELEE (Presiding): In closing this program we are going to consider just for a moment the need of standardizing technical terms in the Spanish language. It is a matter which will become more and more important as these countries exchange opinions and ideas, and on that subject Mr. Havens, editor of "Ingeniería Internacional," will speak briefly.

MR. HAVENS: *Mr. Chairman, Delegates:* The Spanish language is one of the comparatively few modern tongues that is controlled almost absolutely in its growth by some one central authority.

MR. V. L. HAVENS read the paper given on page 331.

MR. PARMELEE (Presiding): I now take great pleasure in calling upon Dr. César Zumeta, of Venezuela, who will speak on the need of commercial and technical nomenclature for Pan America.

DR. CÉSAR ZUMETA read the paper given on page 330.

CHAIRMAN PARMELEE: Does anyone wish to comment on Mr. Havens' suggestions?

MR. CORONADO (Akron, O.): I think the idea of the speaker is worthy of consideration because in our experience in making the translations in the rubber business we have found, for instance, that some of the countries in South America call the word "tire," "yanta"; some others call it "goma" and others still call it "pneumático." In some of the countries where they refer to it by some other name, when we call it "yanta" they don't know what we are talking about. In other countries they call it "goma," a kind of glue or paste.

In some of the South American countries the crude rubber is known under the name "caucho"; in some others they call that "goma" and in Mexico it is known under the name of "hule." We have three names for each of those two words. We have tried to get some authority from the different translation bureaus located in the United States and practically all of them differed in their opinion about the same word. The only way to solve that problem would be to suggest a word, just as Mr. Havens proposes and use that word universally. I think that some of the manufacturers will be able to give very good suggestions in this matter.

MR. SAMPAIO: I shall take this opportunity of speaking about the use of language between South America and other countries. We know that Brazil is just half of South America. South America today has just sixty-two millions of people; Brazil has today twenty-seven millions eight hundred people.¹

¹These are figures quoted by Senhor Sampaio. According to the latest available official statistics (1917) Brazil's population is 22,992,037. See statistical maps on pp. 28 and 29.—Editor.

I think it is wrong for you to send letters to Brazil in Portuguese; it is better that you send them in English. Why? For two reasons. First because Brazil has more business with England and with the United States than with all the people who speak Spanish—95 per cent with England and with the United States. Business men in Brazil use more English than Spanish because the South American republics have not business between one another as much as with Europe and the United States.

I arrived in St. Louis just seven months ago, and I opened two classes of Portuguese for business men. With the help of the St. Louis Chamber of Commerce (and I represent here also the St. Louis Chamber of Commerce) each business man, each company, exporter and importer in St. Louis sends to these classes one man from the company. I have forty-three students, all business men.

I ask of you to remember that it is better to send letters in good English to Brazil than to send them in poor Spanish.

MR. McHALE: Mr. Havens' suggestion seems to me to be a very good one. I think that Mr. Barrett, with his influence, could do a great deal for the solution of this problem. To try to get the technical terms from Spanish dictionaries is the same as breaking your head against the Chinese wall, particularly from the dictionary of the Spanish Academy. You must not expect to get anything from a dictionary containing about sixty-five thousand words. You can imagine the possibility of finding technical terms in a dictionary of that sort when you compare it with the Standard English Dictionary that has about two hundred thousand words.

It is a well known fact that the English language is a far-reaching language. How could the problem be solved? The publication of a dictionary is the only way, and how could the dictionary be compiled? By getting technical men, but not only engineers. In the dictionary of the Academy you do not find technical terms.

We must not be surprised then that the names of the different articles in the different countries have different names. The same thing happens in the English language to a certain extent. Of course, if we go to South America we find that in the different sections the same article has a different name, and it is next to impossible for any man to know all these terms.

I think the Pan American Union could do a very good thing compiling a technical dictionary and I think it would be a financial success because there is a great demand for such a work. There are several dictionaries but they are not complete. Some of them contain commercial terms, others contain engineering terms, others mechanical terms, and it would not be difficult to compile a dictionary containing all the technical terms not found in the dictionary. I think there is an opportunity for an institution such as the Pan American Union.

DIRECTOR GENERAL BARRETT: Gentlemen, I have known Professor Lacalle a great many years. He was for a long time associated with the Pan American Union. I don't think any man in America understands better the question under discussion than he does.

PROFESSOR J. MORENO LACALLE: I want first of all to say that I am in hearty accord with the suggestion offered by Mr. Havens. It is undoubtedly a very practical solution to the problem. However, I think it is not so much a question of a common technical vocabulary as it is a question of proper and accurate translating. This paper brings indeed a very vital question for American manufacturers and exporters in their relations with Latin America, inasmuch as they have to depend largely upon direct advertising for creating and maintaining foreign markets for their articles. Heretofore American firms doing business with Spanish countries have been sadly imposed upon by so-called translators who were not only utterly ignorant of technical terms but, what is worse, did not even know idiomatic Spanish. As a rule these "translators" offered their services at a minimum price, and the exporting firm would accept them for the purpose of saving money, which is poor economy, as I shall presently show, and as bitter experience has demonstrated to not a few business men in this country.

Aside from the fact that a poorly translated letter, catalog, or advertising literature produces the contrary result—its fate being usually the wastebasket—there is always the danger of financial loss, which, as in some cases that have come under my observation, may run into the thousands of dollars.

To cite one single instance, I will tell you about the case of a house manufacturing varnishes and paints. They had their labels translated into Spanish by

some "translator" who rendered the word "enamel" by the Spanish "esmalte." "Esmalte" means "enamel," it is true, but it means only the enamel used on jewelry and other expensive articles, and as such, "esmalte" pays in most countries a very high rate of duty. Well, through the stupidity of the "translator" and the firm's desire to save some money on the translation, they had already lost some thousands of dollars, when they discovered that their paints were being taxed at the port of import as if they were the real enamel of jewelry.

This is only one case of the many that I could point out to you, but it is sufficient, I believe, to emphasize the importance of translations properly, idiomatically and accurately done.

As for the common technical vocabulary, there met recently in Spain a commission of experts in the different branches of engineering for the purpose of uniformizing and enlarging the technical vocabulary of the language. The recommendations of this commission have been embodied in a "Technical Dictionary" in seven languages, of which the firm of Bailly-Bailliere are the agents for Madrid and Paris. This work has the great additional advantage of carrying one or more illustrations for each and every word, and is divided into several volumes, one for each branch of engineering. It is the standard work of its kind.

MR. McHALE: In corroboration of what Prof. Lacalle says, I myself have had a good deal of experience with translation work. There are so many of these so-called translators here. Perhaps some of you know of the little pamphlet that circulated some time ago in this country, gotten out by a manufacturer of leather goods. They had a small space devoted to harness for a single horse buggy—a buggy is a small sort of coach. That was the title of the pamphlet in English. The manufacturer wanted to have the circular sent to Spanish America so he sent it to a translator who knew as much of Spanish perhaps as I know Chinese, and the result was that the Spanish translation, translated back into English, meant, instead of harness for single horse buggy, "harness for a bachelor horse full of bugs." You can imagine the kind of an opinion that would be formed of American goods after reading such a circular. The translator got his money and the manufacturer got his lesson. In that point I agree with Professor Lacalle thoroughly.

I think that even competent translators do not always find in dictionaries, in the best dictionaries that we have in Spanish the technical terms that they need. Without doubt there is a lack of a good technical dictionary in Spanish.

Not long ago a member of the Spanish Academy, Señor Alemany, published a very good dictionary containing 40,000 words more than the dictionary of the Spanish Academy and 20,000 Spanish American terms. It has about 220,000 terms, but even in that dictionary which is far superior to the dictionary of the Academy, there are a great many technical terms that we do not find.

In Spain I had about twenty translators working under me. Some of them were Spanish Americans, others were Spaniards, and still others Americans and English, and they could not agree as to the use of technical terms. Papers that have been translated in this country for us in South America they could not use in Spain, and others that are used in Spain cannot be used in South America.

MR. PARMELEE (Presiding): Mr. Vicente Gonzales, will you contribute to this discussion?

MR. GONZALES: I only can confirm what the gentlemen have said. It is a pitiful way in which our catalogs are translated for the sake of saving a few dollars. I have read, during the time I have been in the Association of Manufacturers, most inconceivable stupidities that could ever have been written. I knew the case the gentleman spoke of about the bugs as well as many other examples, and manufacturers should be advised very strongly along this line, to apply only to people who know the language thoroughly. I did no translating in the Association, I did something easier than that—I criticized—and I always found a very vast field for criticism.

The trouble lies between the countries—that articles have the same names in different terms. I think that manufacturers should be strongly recommended to be very careful in selecting the translator.

MR. HAVENS: I might say one word, Mr. Chairman. It was not my idea to criticize the various translations that various people make. My point was based on the very small number of words (perhaps not over five hundred) that are in doubt. I mean words that are thoroughly understood, each in its own particular locality and not understood in the other South American or Spanish speaking

countries, and the probabilities are that some engineers from the custom house authorities from each country would be able to get together and make a choice of these four or five hundred words and solve an enormous number of the problems that are put before translators now which compel them to invent a word which will express the meaning when there is no word that he can use.

MR. FRANK RHEA (New York): As to the permissibility of using English to cover technical words, I have had some twelve years of having translated for me other languages—even some English. In Australia they use “eyre” which they put on their locomotive wheels. I have found out about the only way I could get around that difference (and I would like to ask the objection to this) is to either put in brackets the English technical term or put in parallel columns the technical terms. I have had some very good translators and I have never had any better method. Is there objection to that method?

MR. SAMPAIO: I would make one suggestion in regard to the question of technical terms in English translation for South America. The Secretary of the Treasury of my country has written a book containing 5,000 pages which embraces all terms for all problems of importation, with three translations—the name of each technical term in English, in French and in Portuguese.

MR. PARMELEE (Presiding): Before closing this engineering session I just want to express thanks to those who participated in it and I am sure that as for those of you who have remained, you have been amply repaid.

(Announcements by Director General Barrett.)

Adjournment.

The Conference was called to order at 8.30 by Director General Barrett, who presided.

(Announcements.)

DIRECTOR GENERAL BARRETT: In the original program we were to have had, under the head of Commercial Intelligence, on Friday morning, an address by one of the best authorities on that topic in America. He could not be here tomorrow because he has a battle to fight elsewhere and so we arranged the program in order that he might speak to us tonight. I am going to introduce to you a man who has been in the forefront of the activities of publication in this country to make the United States loved and respected and known throughout the western hemisphere and the world, a man who has been chief in his great firm largely, I might say chief and directing its policies, a man who is responsible for the organization and development of “La Revista del Mundo,” which today is becoming as popular in Latin America as *World's Work* in the United States.

I have great pleasure in introducing to you as the first speaker of the evening Herbert S. Houston of Doubleday, Page & Company, New York.

MR. HERBERT S. HOUSTON: *Mr. Chairman, Ladies and Gentlemen:* A few minutes ago as I was standing downstairs looking over that beautiful garden, a friend of mine said, “What a pity that these wonderful addresses should reach only the comparatively few people who are foregathered here.”

Well, more people are going to have the privilege of hearing them because the press of Pan America, as a torch of progress, will bear these messages, these creative ideas that have been presented here during this memorable congress throughout both North and South America. (Mr. Houston then read the address given on page 346.)

MR. McHALE: Should that be limited only to exporting houses?

MR. HOUSTON: I do not think our friend probably realizes that for ten years we have been carrying on a tremendous work in regard to people who publish dishonest advertising at home. For example, we put honest advertising on the statute books of thirty-five states. We have get-rich-quick crooks who have

operated throughout the country, a number of them, under indictment. We have been doing this work for ten or twelve years at home and now we are extending it to other parts of the world.

MR. McHALE: I have seen some advertisements in South American papers not of American exporters but of sellers of small drugs or things of that kind. For instance, in several papers in South America some time ago there was one about red noses, "Send a dollar and we shall change the color of your nose," and many silly people were duped by the advertisement, sent in their dollar and got back a letter saying, "Keep on drinking and the nose will turn purple." The question is that these measures I think should not be limited to exporting houses but to all dishonest advertisements.

MR. HOUSTON: That is all right but we will take one continent at a time and we will start with our own exporters in the United States because we have the machinery in the Associated Advertising Clubs to effectively commission it. We believe a demonstration made here will be the means of organizing a similar movement to take care of advertising in South America where men may be doing things that our North American advertisers have been known to do.

DIRECTOR GENERAL BARRETT: The other day when we were discussing Venezuela we had a wonderful paper read by the special representative of that country, but tonight we are going to have a brief word from the man who in New York is largely in charge of the commercial relations of Venezuela and the United States—a man who is recognized alike in Venezuela and in this country as eminently qualified for his position and his work. I have great pleasure in introducing to you Señor Pedro Rafael Rincones, Consul General of Venezuela at New York.

SEÑOR PEDRO RAFAEL RINCONES read the paper given on page 213.

DIRECTOR GENERAL BARRETT: The other day when we were considering trade methods, one of the most important features under that head was packing. We are fortunate in having here tonight the greatest living authority in this country on packing, a man who distinguished himself in the period of the war in revolutionizing the methods of packing the shipments of products across the seas. This gentleman was unable to speak when we had that subject under consideration but it is so important that I am going to give him a few minutes to speak to us now. I refer to Captain H. R. Moody, packing expert of the United States Army.

CAPTAIN H. R. MOODY: *Mr. Chairman, Ladies and Gentlemen:* The story that I have to bring to you has relation to the packing, the methods of making, the methods of trying the package after it is complete so that it may go to the customer in good shape. (Captain Moody then read the paper which appears on page 252.)

DIRECTOR GENERAL BARRETT: Has anyone a question following that instructive paper by Captain Moody?

DR. W. C. KRETZ (New York): I should like to ask a question relating to costs of packing. Being more or less in that line myself I know that almost anything can be packed so that it will go to the North Pole or anywhere else provided you put enough money into the packing. It is a matter of design of the package and cost of the package. Now, if you have a \$10 article, is it worth putting \$5 into the packing? A great many customers will not stand the expense of the package. In other words, I have seen a number of times things shipped in expensive packages and the customer charged so much for the goods and so much for the package that customer has refused to pay for package. What will the manufacturer do? He must use his judgment as to what he can afford to put into that package as practically an insurance on it that it will get there with a reasonable assurance of safety. Sometimes it does, sometimes it does not.

That is the specific question, and in doing government work, hasn't there been a greater amount of expense allowed for making these packages than the ordinary customer would be willing to pay?

CAPTAIN MOODY: We do not recommend economical packing, we recommend safe packing. We figure that if the package is worth \$10 it is better to put fifty cents or a dollar on the packing and deliver \$10 worth than save fifty cents and spoil what is in the package.

MRS. LYDIA ADAMS-WILLIAMS (Washington): I would like to ask Captain Moody if in his packing experiments he has investigated the work done by the wood packing industry of the Madison Laboratory of the Forest Service. As I understand it, they went very extensively into the subject of packing and designed boxes which would hold the maximum amount with the minimum amount of wastage, and I would like to know if Captain Moody has made any investigation of the work of the Madison Laboratory at Madison, Wisconsin.

CAPTAIN MOODY: We worked in close co-operation with all of them through our experiments here in Washington. We sent samples to the Madison Laboratories and they made the experiment for us whenever we were in doubt as to any wood or package or other detail.

DIRECTOR GENERAL BARRETT: I have great pleasure in introducing to you Mr. Frederick L. Hoffman, Vice-President and Statistician of the Prudential Insurance Company.

MR. FREDERICK L. HOFFMAN read the paper given on page 342.

DIRECTOR GENERAL BARRETT: I am going to have real pleasure in introducing a man who has the real Pan American viewpoint. I have already emphasized the fact that the great characteristic of this Conference is its Pan American viewpoint, the viewpoint of Latin America and the United States alike.

We have now to speak to us a man who knows the United States, who knows Latin America. I refer to Mr. Leon Bensabat of American Chamber of Commerce at Rio de Janeiro, Brazil.

MR. LEON BENSABAT read the paper given on page 122.

DIRECTOR GENERAL BARRETT: We are fortunate in having with us tonight a great Pan Americanist whose well-known name was on the Program for tomorrow. As he can not stay over until then, we shall have the pleasure of hearing him now—Dr. Peter H. Goldsmith of the American Association for International Conciliation.

DR. PETER H. GOLDSMITH: *Mr. Chairman, Ladies and Gentlemen:* As I came from New York on Tuesday, the lines of an old and a very familiar poetic phrase were running through my mind—"hope springs eternal in the human breast." I think the most of us when we make our plans to attend an international conference, whether it be American or otherwise, approach the occasion with hope. We expect that the golden word may be spoken, that there may be uttered some phrase, that there may be set forth some plan, that there may be proposed some system that will solve the difficulties and will unite the peoples.

After we have attended one of these Conferences, I think we are disposed to have largely in our minds another phrase—"hope deferred maketh the heart sick." Because the golden word is never uttered, the absolutely applicable system is never proposed.

I say this not in a spirit of criticism. This Conference, like all others, has given what conferences are capable of giving. But a conference cannot solve the difficulties, cannot bridge over the chasms, or work out all the problems. The great task is the task that exists between conferences, the work that must go on, the work that is going on, the work that must continue to be done between the times when we meet to talk. As a sort of inter-American interpreter, a wandering interpreter who goes up and down throughout the American hemisphere, trying to make people known to each other and seeking to help them tear down the barriers that separate them, I wish to make two suggestions.

The first is that every American here, using that word in its fine, large significance so as to make it include all that belongs to the western world—that every American here shall constitute himself into a committee of one for the suppression and elimination of fools, cismatics and superficial writers who endanger relations between nations by their foolish utterances. I went into a store in New

York the other day and the book dealer handed me two volumes and said, "Have you seen these?" One of them was "To Hell and Back, My Trip to South America." The other was a book by the same author, "The Rotten Republics of Central America."

I hope that my friends from the other countries will not be offended. I can balance those by works by Vargas Vila and Manuel Ugarte. I am making the collection. I never fail to collect anything that speaks ill of the United States. There is much ill to be said of the United States, but let the ill not be spoken without discrimination; let the time come when we shall by our expression of criticism, our censure by our disapproval, make it impossible for any publisher to put out such folly.

If the creatures who live in countries were not human beings, if they were not influenced by what people say about them, it would not be so serious, but it seems to me that the time has come when the truth, the truth with understanding, the truth tempered by good will, the penetrating truth that not only states the fact but also points to the road by which the fact has come into being. The time has come, I repeat, when only that shall be uttered in our hemisphere because the world needs a united America.

My other suggestion is this: The future safety and happiness of the world, I believe, is largely dependent upon what we do in America during the next score of years. Let us unite our countries more closely materially. Now surely is the time to push the thought of the Pan American Railway. Let the countries be so united that there will always be intercourse between them in spite of the war vessel, in spite of the submarine, that there can be no way of cutting the communication; and that along that great iron artery will be developed a civilization from the North to the South, a civilization that will be more marvelous in actual cold fact than the most heated imagination can conceive of at this moment.

DIRECTOR GENERAL BARRETT: I have a telegram to read from the Governor of New Mexico. It has been sent to the Conference through Dr. Johnson, the Representative of that state in this Conference:

"I send greetings to the delegates of the Pan American Commercial Conference now in session at Washington. May the spirit of a common brotherhood inspire your acts and bring together all the nations of America in united and harmonious cooperation for their common and individual happiness and prosperity and for the guidance of the world in securing the blessings of popular free government throughout the earth."

(Announcements.)

(Motion pictures.)

Adjournment.

FRIDAY, JUNE 6, 1919

MORNING SESSION

The Conference was called to order at 10 o'clock by Director General Barrett.

(Announcements.)

DIRECTOR GENERAL BARRETT: I am going to ask Mr. Noel, the Secretary for the Conference, to preside this morning for the remainder of the session after I have introduced the opening speaker. If there are any persons whose names are upon the program, who for one reason or another have not yet had an opportunity, I would like to have them report. It has been unavoidable to leave off some, and then others who were not here then are present now.

It is a real pleasure and an honor to introduce the first speaker of this morning. He is a man not only of national—and I might say world reputation, because of his individual work and of the position he occupies—but also one of those men whom we all love and admire as a friend and one of the representative public-spirited citizens of the District of Columbia. This morning we are considering the relationship of the newspapers and the magazines, and other methods of publication, to the upbuilding of Pan American commerce. I can think of no more fitting way of starting this discussion than that we should have, as the opening address, one by Mr. F. B. Noyes, the President of the Associated Press.

MR. F. B. NOYES read the paper given on page 345.

MR. NOEL (Presiding): On account of the urgency of his return to New York, I am going to call on the representative in New York of *La Nación* of Buenos Aires, to speak to us about some of the technical features of the development of the service here. Mr. Davies has been a very splendid worker in organizing the service of his paper, which is a splendid, conservative and yet progressive organ of opinion in the Argentine Republic. I take pleasure in introducing Mr. W. W. Davies.

MR. W. W. DAVIES delivered the remarks given on page 350.

MR. NOEL (Presiding): While we are familiar through the reading of the daily papers with news associations and organizations of that character which have become household words, many of us do not know or realize, perhaps, the influence in the business world of what are known as business papers, trade papers so-called—there is a distinction and understanding in words—which quietly and effectively through their many publications mould opinion, guide the business men and help them in the organization of their work.

We are fortunate in having with us today Mr. A. C. Pearson, the President of the Associated Business Papers, a well known and powerful organization for good. I take pleasure in introducing Mr. Pearson.

MR. A. C. PEARSON read the paper given on page 351.

MR. NOEL (Presiding): Returning to the subject of news, reference has already been made by one of the speakers to the man upon whom I am now going to call. Some fifty years ago a tall, powerful, aquiline-nosed man came from the Civil War, went to rest in the Adirondacks and through some association of ideas, it occurred to him that we must have better communication with Pan American countries. He jumped on a steamer and went to Cuba. He went to Spain later and developed a cable service, from that main idea, all through Latin-America. I refer to a man who is known by many of you here perhaps, the founder, the

organizer, the moving spirit of the great Central and South American Cable Company, now known as the All Americas Cable—James A. Skrimser. Mr. Skrimser was a genius. We owe him a great deal. Today his footsteps are being worthily followed indeed by Mr. Merrill and we have an example in this very building of the close connection with Latin America through this wonderful service.

They have been very tenacious and persistent in getting into Latin America and have given a good service, and it is only within recent years that they have been able to get into Brazil, culminating therefore, their ambitions. I take great pleasure in introducing to you Mr. John L. Merrill, the President of the All Americas Cable Company.

MR. JOHN L. MERRILL read the paper given on page 353.

MR. NOEL (Presiding): The graveyard of newspapers that have died a natural, forced death, particularly those established for the purpose of creating a demand among the Latin Americans in this country, is full of wrecks. It took indeed a great deal of courage on the part of the man whom I am going to introduce to you now to establish a Spanish weekly in the city of New York. After heroic struggles, he has finally won out and a year ago his paper became a daily. It was during the sessions of this Conference, two days ago, that he celebrated the first anniversary of his Spanish daily. I want you to meet and hear a few words from Mr. Alfredo dvH. Collao, Publisher of *La Prensa* of New York.

SEÑOR ALFREDO dvH. COLLAO read the paper which appears on page 355.

MR. NOEL (Presiding): I am very sorry that Mr. Wing B. Allen, the editor of *The South American* and of *El Norte Americano*, could not remain as he would have told us some very interesting experiences about developing the two splendid papers which he started a few years ago with practically no support and which have become a great newspaper institution in relation to Latin America.

If there are any questions on the subject at hand, Mr. A. C. Rivas, Acting Editor of the *Spanish Bulletin*, and Mr. C. E. Albes, Acting Editor of the *English Bulletin*, of the *Pan American Union*, will be here to answer them. Before that, I am going to call upon Mr. Robert S. Barrett of the Bureau of Foreign and Domestic Commerce, who has made an intensive study of Latin American news and advertising, whose writings on the subject are well known and who has gained some very practical experience. He will give us facts and instances that will be illuminating on this subject. Mr. Barrett.

MR. ROBERT S. BARRETT delivered the remarks given on page 95.

MR. NOEL (Presiding): Are there any questions? Mr. Kretz, you want to ask a question in relation to the subject at hand.

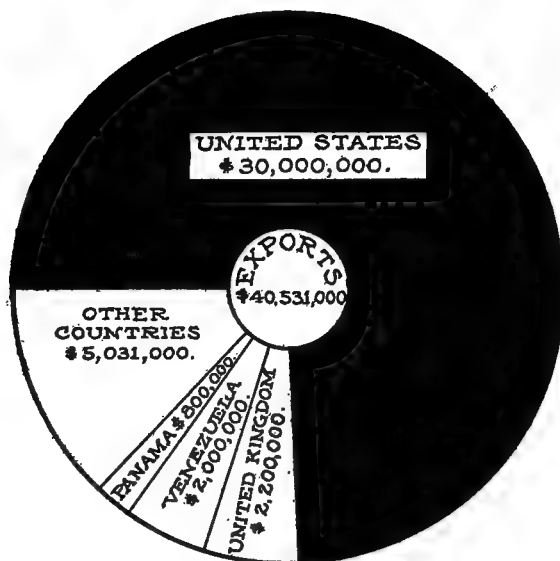
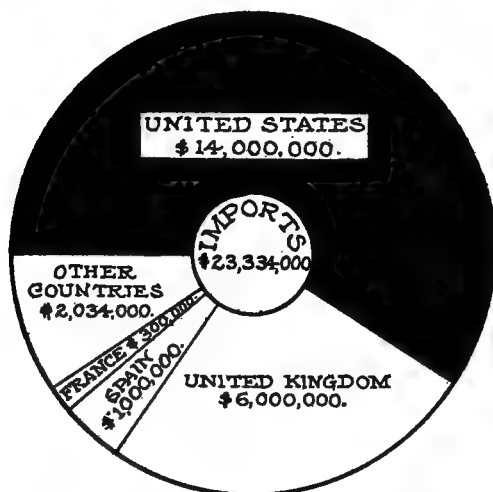
DR. KRETZ: It is not exactly a question. The subject that I wish to speak about is germane to the matter in hand in this way, that the press which is so strongly represented here is an educational medium and what I want to speak about is something that should be brought to the attention of the Latin Americans specifically through a medium of that sort, because it is a question of changing persistent opinion into one which I think will redound to the benefit of both parties. (Dr. Kretz then read the paper given on page 259.)

MR. NOEL (Presiding): Before closing, the Chairman might take advantage of his position since his name is on the program, to speak. I wish to be put on record as emphasizing the importance to the business men of this country of securing the services of technically equipped men, and there are such, for their advertising and publicity campaigns in Latin America, so closely related to the merchandising problems and which must be earnestly solved, studied and planned, just as they are in this country, before success can be obtained.

COLOMBIA

FOREIGN COMMERCE 1917

TOTAL \$ 63,865,000.



It has been my personal experience as a publisher in this country and in Latin America that there is great negligence in that direction and that they are inclined either to take the advice of men in the United States claiming to have a knowledge which they have not, or of Latin Americans who come to this country with only a superficial knowledge of the science and technique of advertising.

Fortunately for us nowadays, organizations are being created daily where it has been harmonized and whereby the combination of brains and the blending of the two experiences enable them to give technical advice and assistance to the business men and business organizations to plan their campaigns fitting each zone of Latin America. It must be remembered—and it is almost bromidic to state it—that what is good for the East coast is not good for the West coast or the tropical zone and that Latin America, as an advertising problem, must not be treated as a unit but subdivided, not according to its geography, but according to established and well known channels of trade and zones of channels of distribution. That is a point that I wish to emphasize.

We are now about to close the subject of this morning's session and before calling upon the next speaker, I would like to know if there are any questions to be asked. I will now relinquish the gavel to Director General Barrett.

(Announcements by Director General Barrett.)

Adjournment.

AFTERNOON—CLOSING SESSION

The Conference was called to order at 2.30 o'clock by Director General Barrett.

(Announcements.)

DIRECTOR GENERAL BARRETT: I have real pleasure in introducing the first speaker. I know of no man in all my acquaintance, whether he be blood relative or not, for whom I have more profound esteem personally, for whom I have a deeper friendship amounting almost to love, than for him. He and I have been more intimately associated for thirteen years than almost any other two men in the world, I might say, and there has never been one unpleasant word between us—not one, in thirteen years! Largely due to his temperament and character, and not to mine.

More than that, he is a great scholar, with a very broad and intimate knowledge of both the North American and Latin American viewpoint. If the Pan American Union has achieved great results under the administration that now conducts it, the credit is as much due to him as to me. So I have great pleasure in introducing as the first speaker under the general topic of Educational and Social Auxiliaries to Commerce, Señor Francisco J. Yánes, Assistant Director of the Pan American Union.

SEÑOR FRANCISCO J. YÁNES read the paper given on page 368.

DIRECTOR GENERAL BARRETT: Would anyone like to ask a question of Mr. Yánes before we proceed to the next speaker?

SEÑOR M. BADILLO (Mexico City): Mr. Yánes, how many Latin American students are there in the United States?

SEÑOR YÁNES: About five thousand, as far as we have been able to find out.

CAPT. DALRYMPLE: I am not going to ask a question. I should like to convey a message from Father Walsh, Regent of the Foreign Service School, Georgetown University. He is unable to come, and in his name I extend an invitation to all the delegates and representatives of Latin American countries to have

them correspond with the University about the work that it is doing along this line, and especially with a view to interchange of students and professors.

MR. C. E. WILSON: It may be of interest to know that a new kind of Spanish teaching is being developed with us, the Spanish having taken the place of German. We had a very large German Department, but the war reduced it to five, all the students taking Spanish instead, and we are adopting a new kind of Spanish. Instead of reading all classical literature, we are requiring all the students to subscribe for a good Spanish magazine and Spanish newspaper and read the newspaper and magazine. Of course the news is selected by librarians.

DIRECTOR GENERAL BARRETT: Now we come to a very important part of the program, a continuance of this important program, I might say, and I am going to change the order of the speakers a little. Instead of calling first on Dr. McClintock, I am going to call on Dr. MacElwee because of the sequence of their papers. Dr. MacElwee, Second Assistant Director of the Bureau of Foreign and Domestic Commerce.

DR. ROY S. MacELWEE read the paper given on page 370.

DIRECTOR GENERAL BARRETT: Now we will hear from the Federal Agent for Education for Foreign Trade and Shipping, of the Federal Board for Vocational Education, who succeeded Dr. MacElwee, the first incumbent of that office. He brings to his work a large fund of knowledge and experience, both as a business man, American consul and a former member of the faculty at Chicago University—Dr. McClintock.

DR. SAMUEL McCLINTOCK read the paper given on page 374.

DIRECTOR GENERAL BARRETT: I now have great pleasure in introducing Dr. W. E. Dun, Assistant Chief of the Latin American Division of the Bureau of Foreign and Domestic Commerce.

DR. W. E. DUN delivered the remarks which appear on page 376.

DIRECTOR GENERAL BARRETT: We have just had word from Mr. Polk, Secretary of State, that the State Department is so gratified with the success of this Conference that they are going to send one of their men down to Godspeed us at the close—a very cheering message.

We shall now have the pleasure of hearing one of the best known, thorough-going Pan Americanists in this country. He was for a long time the Minister of Nicaragua in Washington, was a member of my governing board and I learned there his fine quality and his ability. He is now in business in New York City and is a delegate to this Conference it is a great pleasure to have him speak to us. Dr. Luis F. Corea.

DR. LUIS F. COREA: *Mr. Chairman, Ladies and Gentlemen:* I appreciate extremely, and wish to express my thanks to Director Barrett for the eulogistic and kind words that he has expressed about me in his introduction.

Being not only conversant, but also in thorough accord with his work since the second Pan American Conference in Mexico, I would desire to say many things in regard to his untiring energy, his zeal and other pertinent matters in relation to his endeavors, but as my dear friend Doctor Yánes has previously remarked, "I should hate to think we have established a mutual admiration society."

It is true, I had the honor of being a member of the Governing Board of The Pan American Union for twelve years. During that time I learnt to appreciate their constant work and the great labor which they have so successfully carried out. At the same time I learnt to realize the enormous quantity and minuteness of details which the Executive Heads and the Staff of the Pan American Union have had to act upon and give their closest attention, and it is owing to their untiring and ceaseless efforts that we have today this great powerful organization, that reaches and influences the political, as well as the commercial policies of the Central and South Americas and further largely governs the attitude and relations of other Nations.

This Conference in itself has been an undertaking involving a serious amount of labor and detail; but they and we are satisfied with the results obtained. Although as the eminent Doctor Goldsmith has said, "We have not heard yet the golden word expected, nor have the serious problems been solved," yet we have accumulated a great mass of sound and reliable information that our intellects will adjust and properly classify in the near future. We have received most interesting suggestions, opinions of far reaching importance, which we all, as Pan Americanists, can work upon as a basis, and in the near future sever the Gordian Knot and find the key of our unsolved problems.

It is for this reason that I move that a vote of thanks be extended by the members of this Conference, first, to the Governing Board of the Pan American Union; second, to the Sub-Committee in charge of arrangements, and third to the Director General, the Assistant Director, and to all those who have so efficiently cooperated in this brilliant undertaking, for their splendid public initiative in successfully organizing this notable Conference, which marks another milestone of progress on the road to practical Pan Americanism.

(The motion was seconded by Mr. George H. Kretz, Vice-President, The National Park, New York, and Mr. Gonzalo O'Neill, Manager, Johnson and Johnson, New Brunswick, N. J., and unanimously carried.)

DIRECTOR GENERAL BARRETT: On behalf of the Governing Board, of the Assistant Director and of the others, as well as my own, I sincerely thank all for this expression of their interest and good will.

CAPTAIN McLEOD (California): With reference to the study of languages, I should like to know what would be the best way to acquire a commercial vocabulary in the foreign language in the case of mature men who, like myself, have had wide political, commercial and other experience and who are already familiar with the written and spoken language.

DR. MacELWEE: I am very glad that question is asked because it is one that comes up quite often. In outlining that twenty years stretch, I was considering men getting in anywhere along the line and catching up and passing those who have gotten in earlier and had to grow. This comes up quite often, and what we do is that we have reading courses outlined, with references, and a mimeographed list of readings which anyone can secure and read to inform himself upon those topics with which he is not familiar.

I am sure there is a large class of men such as the Captain mentions and we have had inquiries both at the Federal Board for Vocational Education and at the Bureau of Foreign and Domestic Commerce.

DIRECTOR GENERAL BARRETT: I am going to call now on Miss C. E. Mason who is one of a group of women who today in this new feminine era is taking a profound interest in Pan American affairs. She is a leader in the movement of the organization and development of the Pan American Round Table, originally started by Mrs. Florence Griswold of San Antonio, Texas. I will ask Miss Mason to tell us something of the Pan American Round Table.

MISS C. E. MASON (Tarrytown, N. Y.): It is only fair to take part of the three minutes to express to Mr. Barrett and his associates the congratulations of the Pan American Round Table Directorate on this superb meeting which their efforts have called forth.

The organization which I have the honor to represent has three objects (1) to promote acquaintance among women of the American countries; (2) to develop and conserve mutual knowledge, understanding and true friendship among the women of the American countries, and (3) to promote all good movements which shall lead to a higher civilization, especially those which affect the welfare of the women and children of the American countries.

Since the war, there has been burning in the minds and hearts of American women, I feel sure all over this hemisphere, a desire that we should work together to preserve that great spiritual and intellectual inheritance we have received from the past. Therefore we have organized and we work along these lines: Study of the languages, history and literature and social ideals of the American Republics; opening of club homes for women; offering of prizes to students for essays on Pan American subjects; encouraging the exchange of professors; formation of

travel committees in each republic, to interest parties of citizens and students to travel in the other republics.

Then again here is an instance of what we wish to do: A few years ago a great genius came from one of the South American countries to New York with an opera. He was a stranger, he was not wealthy, he stayed as long as he could, trying to get someone to listen to his opera. He got one great man to hear it, who pronounced it a wonderful creation and gave him every personal encouragement, but did not have the influence to bring it to the attention of the proper musicians. Now, if a man came today and appeared before our committee, we would hear his opera, and we would have the ability to get him a real hearing with a view to producing his opera in the United States.

Then we wish to have eventually an organ of communication among the women of the different republics.

Our meetings have been held in New York and they have been characterized by a most wonderful cooperative spirit modeled upon that of the Pan American Union.

DIRECTOR GENERAL BARRETT: I am going to call upon a woman of great ability and achievement, a woman who has been doing, and is doing constructive work, Mrs. Glen L. Swiggett, the Secretary of the Women's Auxiliary Committee of the Pan American Scientific Conference, the committee of which Mrs. Lansing is Chairman. I will be very grateful to her if she will tell us about her committee and their work.

MRS. GLEN L. SWIGGETT: At the time the Second Scientific Congress met, with the consent and under the auspices of the Organizing Committee of that Conference, there was established a Women's Auxiliary Committee. Its meetings were of an informal nature only, consequently no official action was taken. It did pass two resolutions, that we think were important. One was that we should publish a report, to save whatever germ of worth it may have; the other was that there should be appointed an international committee for Pan America so that there would be a small group in each country that would know about the purpose and the aim and the success of the first Conference and would be ready, as a means, any time when a larger organization was proposed, to take hold as an organizing committee.

The report was published very soon after the Conference in the summer of 1916. Since that time the Committee, with Mrs. Robert Lansing as Chairman, was continued as a committee to organize the international committee. That organization is still in existence, it is a slow process, but I am glad to say that at the present time we have fifty-four members on the international committee for Pan America. All countries are represented but two, and now the Women's Auxiliary Committee, which is the organizing committee, is working on the completion of the International Committee for Pan America. When that committee is completed it will take up the future work.

DIRECTOR GENERAL BARRETT: I am going to ask Mr. Noel to again take the chair for a moment, while I absent myself briefly. He will then read a message from a former President of Peru and one of the most distinguished men of his country.

Before leaving the platform for a moment, I want to say that he will be followed for a very brief statement of three or four minutes by a man that I feel belongs to the Pan American Union, who for many years was one of the most efficient and valued members of our staff, now Assistant Professor of Spanish in the U. S. Naval Academy and helping us here as Recording Secretary of this Conference—Prof. J. Moreno-Lacalle.

MR. NOEL (Presiding): Señor Leguía is one of the great constructive statesmen of South America. He was for a period President of Peru and during the war he has been a great friend of the Allies and he has always been strongly interested in the United States, he sent many young men to this country to study, and during his administration he gave ample opportunity for American experts in that country to help in its development in education, irrigation, railways, agri-

culture, and in many other ways. It is practically certain that he has been elected again President of Peru. He was in this country some months ago and was very cordially received.

In a personal message to me, when I notified him of the success of this Congress over the direct cable wire which we have in this building, he replied and stated:

"I rejoice over the splendid success of the Pan American Commercial Conference. It will be more than useful to bring American enterprising spirit and capital into closer touch with Peru, where we are long-ing for both."

Professor Moreno-Lacalle, already introduced to you by our Director General, will now honor us with a few words.

PROFESSOR J. MORENO-LACALLE delivered the remarks which appear on page 377.

DIRECTOR GENERAL BARRETT: The Acting Secretary of State has telephoned me that Mr. Breckenridge Long, Third Assistant Secretary of State, will be here shortly to represent him.

I am now going to give the floor to Dr. Johnson of New Mexico, who has a word to say to the Conference.

DR. S. M. JOHNSON read the paper given on page 335.

DIRECTOR GENERAL BARRETT: We feel very much honored that the Acting Secretary of State, Honorable Frank L. Polk, who is prevented from being here, has sent a most worthy representative, a man who not only occupies a high position as an Assistant Secretary of State, but who is also one of the most eminent and progressive younger statesmen of the great State of Missouri, one who ever since he has held his position in the State Department has been thoroughly in sympathy with the Pan American movement.

I have great pleasure in introducing to you the Honorable Breckenridge Long, Third Assistant Secretary of State.

THIRD ASSISTANT SECRETARY OF STATE: *Mr. Chairman, Ladies and Gentlemen:* It is a great pleasure to be here as the representative of the Acting Secretary of State, to express very briefly something of the gratification which the Government of the United States feels at not only the meeting which has been held here but also at the success of the Conference. The Government is very anxious to aid in every way efforts at cooperation and coordination between the Governments and the peoples of these two hemispheres. I came at this late hour in your meeting, not to take additional time but to congratulate those who have organized and carried out the work, and those who have participated in the Conference, upon what we understand to have been one of the most successful, if not the most successful meeting of its kind which has been held in the Americas, and to say that in the future, the Government of the United States stands and will always stand ready as it has in the past to do whatever it can to felicitate and expedite meetings of this nature.

I express, in the absence of the Acting Secretary, and because of his inability to be here, his gratification and his congratulations to you and to the officers of your Conference.

DIRECTOR GENERAL BARRETT: Before presenting the very brief summary which I shall make, which will only take a few minutes, I want to ask a man who was formerly the Secretary of the Pan American Society and is now the Secretary of the Argentine American Chamber of Commerce, who has been assisting us in this Conference, to say just a word—Mr. Bard.

DR. H. E. BARD read the paper given on page 378.

DIRECTOR GENERAL BARRETT: *Mr. Secretary, Ladies and Gentlemen:* The Second Pan American Commercial Conference adjourns today after the most

successful series of meetings of their kind ever held under the auspices of the Pan American Union. *Delegates to the number of 1181*, representing the official, unofficial, commercial and business life of all the American republics, have been in *actual attendance*.

The Conference has undoubtedly inaugurated a new epoch in Pan American commercial relations. Its one great outstanding characteristic has been 'the expression of the *Pan American, or All American, idea and viewpoint.* The interests of each country of Latin America, just as much as those of the United States, have been frankly presented and discussed by the most eminent and skilled authorities of both North and South America. Never before has any international commercial conference in the United States been so comprehensive in topics discussed and so fair to all the countries participating.

Review of the Work of the Conference

If the work and results of the Conference can be unofficially summarized in the form of expressing the sentiments of the majority of those in attendance, as judged by their addresses and comments, the following conclusions should be cited:

1. The early establishment of ample freight, mail, and passenger *steamship facilities* between the principal ports of the Atlantic, Gulf, and Pacific ports of the United States and the corresponding ports of Latin America.

2. Thorough *reciprocity* and mutual *cooperation* in trading methods and regulations, in business ethics, and in general treatment of commercial relations, including export and import combinations, and other governmental aids to commerce.

3. The meeting by the financial and business interests of the United States of the *financial needs* of Latin American Governments and private undertakings.

4. Safeguarding of *patents, trademarks, and copyrights* of each country in all the other twenty countries through the present International Bureau at Havana and the early opening of one in Rio de Janeiro.

5. Making the *parcel post* beneficial alike to the exporters of the United States and the consumers of Latin America through the removal of unnecessary restrictions and regulations.

6. Improvement in the administration of *consular offices*; developing similarity of consular *invoices and fees*; annulling of *petty laws* and regulations annoying to trade and travel; the revising and permanency of *tariffs*; better conditions of *insurance and packing*.

7. Extensive *railway and highway construction* all over Latin America; the *renewing of railways* already in existence but suffering from lack of supplies due to war conditions; the establishment, as soon as feasible, of fast *aviation* mail, express and passenger service; and the building immediately of a chain of *good hotels* in the principal Latin American ports and capitals.

8. Better *credit facilities* for Latin American buyers by United States exporters; the extension of United States *banking* connections; and more intimate study of actual Latin American trade and social conditions by the export, import, and financial interests of the United States.

9. Study of the *Spanish and Portuguese languages*, Latin American institutions, history and geography by the people of the United States and a corresponding study of the United States by the people of Latin America; general vocational training for Pan American trade.

10. The further improvement and extension of *news and cable service*; the employment of the best methods in newspaper and magazine *advertising*, catalogues, business films, and other agencies of commercial publicity and intelligence.

11. Holding of the Second Pan American *Financial Conference* at Washington, in January, 1920, called by invitation of the Secretary of the Treasury of the United States and attended by the Latin American Ministers of Finance and their associates.

12. *Important far-reaching announcements*, affecting Pan American relations, including (a) that of Secretary of Commerce W. C. Redfield, pointing out new methods and opportunities for increasing the exchange of products between the United States and Latin America; (b) that of Chairman E. N. Hurley of the United States Shipping Board, outlining new passenger, mail and freight steamship service; (c) that of Assistant Secretary L. S. Rowe of the Treasury regarding the Second Pan American Financial Conference in January, 1920; (d) that of President Charles M. Schwab of the Bethlehem Steel Company, stating his absolute confidence in the business possibilities and integrity of the Latin American Republics; (e) that of President Frank A. Vanderlip of the National City Bank of New York, that the American republics could and should avert impending industrial catastrophe in Europe by supplying raw materials necessary for European industries; (f) those of Latin American ambassadors, ministers, and delegates, including Señor Beltran Mathieu, Ambassador of Chile, Señor Francisco Tudela y Varela, Ambassador of Peru; Señor Ignacio Calderon, Minister of Bolivia, and others, sincerely welcoming closer commercial and financial relations with the United States.

It is now with the greatest pleasure, with sincerity, that I express my thanks to all those who have helped to make this Conference a success. I want to thank the Governing Board for the confidence they have placed in me for carrying out their plans and mine for this Conference, by backing it and making it their Conference. I want to thank them for their participation, which was so notable on the days that were assigned to them, the first and second days, and for their suggestions.

I am not going to try to mention individually the members of the staff of the Pan American Union, but, Mr. Secretary Long, there is nothing that has pleased me more than the loyalty that has been shown by my staff during the trying period of preparation for this Conference and during the holding of it. Every one, from the able Assistant Director of the Pan American Union, down to the man working to clean the building or the grounds, has had a desire to put this Conference over. They have been working faithfully at all hours, day and night.

I cannot mention names in detail, but I would say, of course, that the wise counsel of my Assistant Director has been with me every moment, and also that of the Acting Chief Clerk, Mr. W. A. Reid. Then in our temporary staff of the Conference, Mr. John Vavasour Noel, who has acted as General Secretary, Mr. Henry L. Sweinhart, who has had charge of publicity, Professor Julian Moreno-Lacalle, who has acted as Recording Secretary, Dr. H. E. Bard, and Señor José Romero who have also acted as assistants, and the other members of their staff, not forgetting the lady here who has so faithfully done her part, Miss Gladys Russell.

I want to speak with the utmost sincerity—and this is not a conventionality at all—of the practical cooperation that the newspapermen and the newspapers themselves have given us. I think we too often forget their part in these great gatherings. I thank you, gentlemen, with all my heart. I appreciate your constant attendance here when you might be doing something else more interesting, and it has been a great help to us that you have been here and aided us as you have, and we ask you to convey our thanks to your editors.

I thank the All Americas Cable for installing the special direct cable service to Latin America, which has been a great help, and over which the messages from the Presidents of Latin America have come and the acknowledgements have been sent.

I thank the officials of the State Department, especially the Foreign Trade Section, and those of the Bureau of Foreign and Domestic Commerce of the

Department of Commerce, for their very active and helpful participation all the time.

I thank the Commissioners of the District of Columbia, and the President of the Washington Chamber of Commerce for their interest, and I thank the Police Force for their co-operation in looking after the people in attendance.

Again with all my heart, I thank every member of my staff and all those who have participated in this Conference. If I have omitted any name here or any reference that should have been made, it is because one cannot, on an occasion like this, mention every name, and I trust no one will be offended if there has been any oversight.

Ladies and gentlemen, it is just eight years since the first Pan American Commercial Conference was held. A great world disaster interfered with the holding of a second one earlier. May we all go away from here with a prayer that there has begun an era of endless peace, that peace is now about to be so perfectly achieved that we can hold another one of these Conferences in the very near future.

I may say that I have been gratified by the large number of Latin Americans and others who have come to me and told me how much they have enjoyed this Conference and how much benefit it has meant to them.

Ladies and gentlemen, I now declare the Second Pan American Commercial Conference adjourned *sine die*.



GROUP OF THOSE IN ATTENDANCE AT THE SECOND PAN AMERICAN COMMERCIAL CONFERENCE.
Taken after the Closing Session, June 6, 1919, as evidence of the interest shown up to the last moment.

PAPERS AND ADDRESSES

ON THE

LATIN AMERICAN REPUBLICS

AND ON

PAN AMERICAN COMMERCE

SECOND PAN AMERICAN COMMERCIAL CONFERENCE PAPERS AND ADDRESSES

ARGENTINA

ARGENTINE TRADE TODAY

BY SEÑOR PABLO ROTH, MANAGER, EXPORT DEPARTMENT, THE UNION TRADING COMPANY, BUENOS AIRES.

(Read at the Evening Session of Monday, June 2)

I wish to express my appreciation, in the name of the Argentine gentlemen present, and in my own, of the cordial invitation that has been extended to us by the Director General of the Pan American Union, to take part in this Conference, with the object of giving and receiving the most ample information possible tending to facilitate and expand Pan American commercial intercourse or exchange.

Although the Pan American Union has gathered and put at the disposal of all of us statistical data and general information of the greatest utility, I consider it convenient on my part to present some data which, from their nature and my own observation made of them, may contribute to the amplification of the knowledge of certain special characteristics of the commercial movement of the Argentine Republic, and its importance in general, as well as in particular, with reference to this country.

According to the General Office of Statistics of the Nation, the true value of the foreign commerce of the Republic in the year 1918 reached the amount of \$1,307,392,000 gold, \$480,896,000 corresponding to importation, and \$826,496,000 to exportation. The balance in favor of the country amounted to 345,600,000 pesos.

The general figures of the Argentine foreign commerce in 1918, present differences in considerable amounts from those of previous years, among which it is convenient to note the following:

The greatest exportation up to today, as much for its quantity as for its value, surpassed in the amount of \$244,000,000, gold, the highest value obtained, which was that of the exportation of 1915 in the sum of \$582,179,000 gold. If the prices of the articles of exportation could have been coordinated with the freedom of commerce, with the acquiring capacity of the purchasing countries, the value of the exportation in 1918, would have reached approximately \$1,130,000,000 gold. The fact of not having been able to establish that coordination represented a loss to the country of more than \$300,000,000 gold.

During the year 1918, the "quantity" of articles imported is the least recorded in the last fifteen years, representing, per capita, a sum of little more than half of that recorded from fifteen to twenty years back and something less than the third part of that corresponding to the years of greater importation.

The favorable remainder of the commercial balance is the highest recorded up to today. It surpasses in the amount of 68,900,000 the highest obtained which was that of 1915 (\$276,700,000 gold).

The Argentine gold peso now equals the American gold dollar.

TRADE METHODS

SPEEDY LEGALIZING OF SHIPPING DOCUMENTS

BY SEÑOR ERNESTO C. PÁREZ, CONSUL GENERAL OF ARGENTINA IN NEW YORK.

The commerce of this country with the Argentine Republic has increased during the war to such an extent, and it is hoped that it will be proportionately maintained in the future. It has modified the old system of the clearance of ships

in such a way that today, in protection of that commerce a practical organization is necessary and urgently needed, which at the present moment is lacking.

At present the steamship companies after the cargo has been accepted by the captain of the ship and after the freight has been paid, deliver the shipping documents to the shipper; these are presented to the Consulate for legalization.

Usually because of a very short period of time between the delivery of these documents to the party concerned and the sailing of the vessel, the Consulate finds itself besieged by four or five hundred packages with six, seven or eight hundred sets of shipping documents which have to be legalized for each boat within a certain number of hours, it frequently happening that two or three vessels with the same sailing date will be despatched in one Consulate.

The shipper in many cases has to negotiate these documents with some bank, and this can only be done, as is well known, after the documents have been legalized. Further, these should follow in the same mail in order that they may be presented within the time the Customs House allows for the retiring of goods.

Considering that this practice causes complaints through delays and fines to which this commerce is exposed, just as much from the shipper as from the receiver of the goods, the undersigned thinks it convenient to suggest to the shipping companies interested in maritime traffic with the Argentine Republic, the modification of the present system governing the clearance of ships, as it does not conform with the needs of this commerce, and, with this purpose in view, to submit to the consideration of the Conference, the following practical procedure:

That hereafter all the documents which comprise the loading of a ship be presented at the same time at the Consulate by the shipping companies, to be delivered later by the respective companies after being legalized to the parties concerned and that, after this has been done, the sailing date of the vessel be fixed taking into account that they should accord the shippers a reasonable time in order to enable them to make their banking operations and reach the mail which should take these documents to their destination, so that the receiver of the goods may take immediate possession of the same.

OPPORTUNITY FOR AMERICAN INVESTMENT AND TRADE IN ARGENTINA

By SEÑOR HORACIO BOSSI CÁCERES, ARGENTINE CONSUL GENERAL IN SAN FRANCISCO.

As a Consular Representative of the Argentine Republic, it gives me great satisfaction to express my opinion and that of my country in regard to those propellant factors which should be put in motion, so that existing commercial intercourse between our respective countries may be consolidated and established upon a solid, permanent basis.

It is now evident that owing to the disastrous war which so ruthlessly scourged old Europe and almost destroyed the industries in those countries, the great Northern Republic had the opportunity of being better acquainted with and therefore more able to estimate her Southern sister Republics, then discovering that there are, within their boundaries, immense and accredited markets which will enable her to rapidly increase her wealth and extension.

Until five years ago your knowledge of the markets beyond the marvelous Panama Canal were extremely insignificant because your endeavors to enlarge them were insignificant, too, this fact being due perhaps to pressure of your protectionist commercial policies, which traditionally have kept your capitalists in the background of the stage of the commercial life on this Continent, when as a matter of fact your wonderful progress and immeasurable wealth are reasons more than sufficient to entitle your nation to go far ahead of all of the European countries, which, however, having been more foresighted and better connoisseurs of the Southern Republics, poured out their money into them and brought the efforts of their workers' strong arms to make us and to make themselves rich. This remarkable fact has been synthesized by a notable statesman of my country, when he said:

* * * "We owe the wealth and prosperity of the Argentine Republic to the sterling pounds of England and to the strong arm of the Spaniards and Italians. * * *"
Yes; that is true. The solid and unshaking foundation of British preponderance and control of South America lies upon the above mentioned fact. And it

certainly will be very difficult, not to say impossible, to lessen that preponderance, unless weapons and procedures similar to those England has used, should be used, also.

Time after time it has been openly advised by your most proficient business men to employ several means not only to prevent actual intercourse between the Argentine and the United States from going down, but instead to surpass the high figures already reached which made a record in the history of our commercial life. Yet, only a few amongst them have demonstrated an exact understanding of Argentina's commercial history and have pointed out the true items and causes which interfered with the growing up of North America's interests, the figures of which should be remembered now in order to make a comparative study of the situation.

From 1883 till 1913, that is, a period of over 30 years, the bulk of commerce between Argentina and the United States in comparison with the bulk of commerce between Argentina and Germany and England during the same period reached the following figures:

| | 1883. | 1913. |
|--------------------|--------------|---------------|
| England..... | \$36,652,000 | \$251,254,000 |
| Germany..... | 11,851,000 | 129,227,000 |
| United States..... | 8,443,000 | 84,727,000 |

Later on these figures changed on account of the European war and at the end of 1917 the United States had risen to the top, according to the following data:

| | |
|--------------------|---------------|
| United States..... | \$299,854,000 |
| England | 243,831,000 |
| Germany | 294,000 |

If we were to study the extraordinary triumph won by your country at this exceptional moment in the world's commercial life we certainly should find out two most transcendental facts which cannot escape the judgment of a studious and calm observer, to wit: the complete elimination of Germany from the markets of this Continent and the ever growing strength of the commercial links which bind England and the Argentine, allowing the former to retain unshaken the high place in the financial and business world of my country in spite of her enormous losses on the sea and her most critical economical political situation.

Yet, the explanation of the British preponderance in Argentina's market could be easily found if only bearing in mind that she made such great investments in behalf of the economical and industrial development of Argentina, investments which are represented by the enormous sum of two billions of dollars, with which we have been able to move our locomotives and street cars, feed our ports, exploit our forests, cattle and agriculturing enterprises and inject vigorous life, activity and progress into all our industries, maintaining at the same time the credit of our Public Treasury with the almost whole British subscription of our foreign public debt.

A statement formulated the 31st of December, 1908, shows the British capital in Argentina, as represented by the following figures:

| | Capital. | Interest. |
|---|-----------------|--------------|
| Loans, Government, Provincial, Municipal... | \$319,273,215 | \$15,232,990 |
| Railways | 831,803,415 | 40,247,155 |
| Banks | 39,312,000 | 3,525,480 |
| Agricultural loans and mortgages..... | 34,236,080 | 1,298,660. |
| Tramways | 101,423,525 | 4,378,115 |
| Electricity | 25,762,950 | 1,438,425 |
| Agriculture | 20,094,985 | 1,241,020 |
| Various | 73,648,540 | 3,929,930 |
| Total | \$1,445,554,710 | \$71,291,675 |

The value of maritime interests represented by quite a large number of ships, as well as the capital invested in other numerous transactions, totals more than \$100,000,000, which should be added.

Second to England, France is the nation among the European powers which had faith in the credit and capacity of Argentina and has made investments of nearly \$400,000,000, distributed as follows:

| | |
|--------------------|---------------|
| States funds | \$261,661,530 |
| Banks | 51,678,400 |
| Transports | 64,011,450 |
| Mines | 2,744,890 |
| Various | 14,900,000 |
| Total | \$394,966,270 |

Germany was the third till the beginning of the war, her investments being estimated at nearly \$300,000,000, distributed in banks, industrial concerns, electric companies, electric railways, etc. The above figures correspond to the same date, December 31, 1908.

Summarizing, the foreign capital which met a most profitable and safe investment in the Argentine Republic is far above the amount of three billions of dollars, of which two-thirds are owned by England, while such a small percentage corresponds to the United States that it has to be considered under the column of "others."

Having in view the practical application which characterizes the American spirit in all orders of human activity, and, according to the facts just set forth above, I have no doubt that it should be very easy for you to foresee the measures of a defensive nature that England, France, Italy, etc., shall present in opposition to you in order to keep for their own benefit the position they had reached after long years of fruitful perseverance and uninterrupted accumulation of new and valuable investments and the fruits of their energies.

Nevertheless, that does not mean that your cooperation in the business life of Argentina should have to face obstruction. On the contrary, the forceful exclusion of Germany which necessarily has been disastrous to that country and the weakening of France and Belgium which will bring their sources of production to a very low level for years to come, will leave open and free the door of an immense field for your industries, if you only know how to appreciate the opportunity and meet the demand of Argentina, affording the same kind consideration, credit, loyalty and benevolence that the industrial people of Europe have always granted to her.

So it is my opinion that you should not hesitate in pouring out your capital and labor into the young, flourishing land of Argentina, where institutions, codes and laws are so very similar to yours; try to help her by laboring her soil, cooperating in the development of railroads, the irrigation of lands, the building up of roads, harbors, etc., thereby securing the sale of your merchandise which are to be transported on your new efficient merchant fleet and the return freight to make the traffic profitable.

One of your most conspicuous business men, Mr. John C. Claussen, the Vice President of the Crocker National Bank of San Francisco, when addressing the Ninth Convention of the Southern Commercial Congress held at New York City, pointed out that American business men, who have hitherto been reluctant to make outside investments, probably due to the fact that with the swift and extensive development of his country the natural tendency has been to invest his money in local enterprises and lands. But while it is true that such investments have largely contributed to the aggrandizement of his country, it is also true that in proportion of the growing of its resources there exists the danger that this preference to make investments on lands may some day cause the prices of these lands to go to the highest point, and therefore, it is advisable and desirable, Mr. Claussen says, that the accumulated capital at home should find new open channels for best benefit and advantage of Americans.

Now then, those channels are open to North American labor and capital in the beautiful land of Argentina. Its exceptional geographical situation, its vast and undeveloped meadows and luxuriant woods, healthy climate, wise legislation and social, commercial and political culture at the same level with the most prosperous nations in the world cordially invite your labor and capital to undertake all kind of activities.

AMERICAN NEWS AND TRADE IN ARGENTINA

By ROBERT S. BARRETT, TRADE ADVISER, BUREAU OF FOREIGN AND DOMESTIC COMMERCE, FORMERLY COMMERCIAL ATTACHÉ TO THE AMERICAN EMBASSY AT BUENOS AIRES.

(Delivered at the Morning Session of Friday, June 6)

Mr. Chairman, Ladies and Gentlemen: There are two striking things in reference to this subject, one of which has been discussed to some extent today, but the other has not been touched upon. I remember so strongly it made such a tremendous impression upon me, the development of American news service in South America and particularly in the Argentine. You have all heard on many occasions how American news was slighted by the South American press and you have been told the reasons for that, why the South American was more interested in European news than he was in news from North America because of the fact that the newspapers of South America were subscribers to European press service instead of to American press agencies.

That was changed two or three years ago when La Nacion, one of the great newspapers of Buenos Aires, commenced to receive a direct service from the United States. On January 1 of this year, the Associated Press went into South America and now I believe it has some twenty subscribers among the great daily newspapers of South America, and the United Press has almost an equal number of subscribers.

The Associated Press, for instance, is sending some three thousand words a day of press service to the Argentine and most of this is American news of great interest to our country and to the people in Argentina. Then, at the beginning of the war, our Government established in Buenos Aires a most useful service, a branch of the Committee on Public Information and I want to say to you, ladies and gentlemen, that no department of the United States Government ever rendered more valuable and important service to this country during the war than the Committee on Public Information. There were times when they published in the great daily newspapers of Buenos Aires from three to four columns every day of live information regarding our developments in the war, our preparations for the war and our reasons for going into the war. It was a matter of great regret to me that when the armistice was signed the work of the Committee on Public Information was discontinued. I hope the time is coming when some organization will be established by American business men who will take up that work of publishing in the great newspapers of South America supplementary news and information which cannot be carried by cable.

The Director General has asked me to speak to you for a few moments this morning on a subject which is somewhat foreign to that under discussion but which he wished me to bring to your attention, and that is the very great question which is in the minds of every man, of the export trade in the United States today. Will the United States hold any considerable portion of this great export trade which it has gained during the war and will it hold it in Argentina, which is one of the greatest countries buying American products and American goods?

After studying this situation, and considering it for the past year, in order that I could bring back to you the most reliable information on this subject, I am glad to be able to state that I believe that the United States will hold a great part of the trade which it has gained during the war.

Our condition has been greatly improved. We are now prepared to give the credits which are desired. We have our own two splendid American branch banks located in Buenos Aires. Those two banks at the present time, although one of them is only three years old and the other a year and a half, have approximately sixty million dollars in deposits. One of those institutions started a year ago a savings campaign and in less than seven months gained one hundred and seven thousand individual depositors in its savings account, with a total of about five millions of dollars.

We have in Buenos Aires at the present time eighty-eight representative American firms who are carrying stock, either in their own branch houses or by direct representation. Those concerns are prepared to meet any European competition and are selling direct to the consumer, the thing which is absolutely

necessary in foreign trade to do a very large business. I particularly refer to the paper trade. Before the war, the paper trade in the Argentine was entirely in the hands of the Germans. Two American wholesale houses, carrying tremendous stocks, are now located in Buenos Aires. One of these houses alone did very close on to three million dollars worth of business last year. That house includes customers from the smallest printers from one end of the country to the other. They have their traveling representatives, their branch stores; they give credits that are necessary and consequently they have the business so the Germans can never come back and get the paper trade. That is true of many other of our branch houses of American manufacturers and our branch lines.

I want to add just one word before I leave and that is rather pessimistic. Do not look for too much trade from Argentina during the balance of this year. Argentina is like all the rest of the world, it is suffering from the war, it is suffering from the readjustment, it is suffering somewhat from labor troubles, strikes, etc., not any worse than anywhere else but enough to make people restrict purchasing. Then there is the firm belief in the minds of the Argentine business prices are going to be lower. They believe that manufacturing costs all over the man—and I tell you that they are the cleverest business men in the world—that world must fall; that freight rates are going to drop and consequently they are buying from day to day and are not placing any larger orders until this Fall prices drop, which they anticipate. Consequently, buying in Argentina is very limited.

Then there is an over-surplus in many lines of manufactured articles in Argentina. When the armistice came in November, every manufacturer in the world who had orders pending in Argentina for goods—some of which had been pending for a year and a half—shipped everything that they had all at one time to Argentina. Fortunately for them, when the armistice came there was shipping which could be diverted to their use which we had anticipated using for moving troops to Europe and we sent those ships in November and December and January to the Argentine and they came down there loaded to their capacity with manufactured goods.

The result was that there was an over-surplus, there was a panic in some lines, textiles fell in prices 40 per cent. below prices in New York and that condition is going to last throughout practically all this year. So do not look for too much business in Argentina this year, but remember that Argentina is today the most prosperous nation on the face of the world.

Any country that two years ago could lend the Allied nations \$250,000,000 to buy wheat and corn and meats and can come back again this year and lend those countries \$200,000,000 more; which could put up \$140,000,000 to keep the American dollar from declining in the Argentina market; which could pay to Germany and to France and to England practically \$350,000,000 of obligations during the war, who has had a balance of trade in its favor of \$600,000,000 during the last four years, and which today has a larger per capita gold reserve than any other nation in the world, is a country that is going to be in business when these temporary conditions are done away with and which is going to be the largest consumer of American products. And the Argentinians like us, they want us down there, they are willing to buy our goods and all that they want is a fair show. I am sure that we will be able to give it to them.

BOLIVIA

PAN AMERICAN FINANCES AND TRADE WITH SPECIAL REFERENCE TO BOLIVIA

BY SEÑOR JULIO ZAMORA, FINANCIAL AGENT OF THE BOLIVIAN GOVERNMENT.

(Read at the Morning Session of Thursday, June 5)

Gentlemen:—All of us, North, Central and South Americans congratulate ourselves upon this opportunity afforded by the Pan American Union for the purpose of discussing commercial and economical subjects. At this momentous time marking the conclusion of the greatest war in history, this conference permits us to reorganize our business and to lay the corner stone of normal life for all nations.

The most striking lesson for the South American Republics, learned since the beginning of the great War, has undoubtedly been a knowledge of the uncertain situation of the countries, constituting one Continent, and which bound by ties of neighborhood, race, language and history have neglected to live economically independent, due to the fact that they had overlooked commercial interchange among themselves.

Profiting by this experience, the leading men of the South American Republics, should direct their steps to effect a complete reorganization in the industrial field. They should promote preferably through a policy of reasonable protectionism the wide distribution of national raw material for manufactures, and should inaugurate a spirit of enterprise, so often lacking amongst some of our wealthy people. This would be the starting point for the commercial interchange between neighboring countries, and, therefore, would compel Pan Americanism in the future to be based upon very close economic relations, thus binding with even stronger ties, all the Nations that constitute the Americas, as these will be more firm than those created by Diplomatic channels.

South America possesses, herself, all sorts of products to amaze the world, with an overabundant production of whatever its needs may be. Each of the Republics has within its territory particular zones which render special products, and no doubt a day will come when South America will supply all the needs of the other Continents, a day when she will go "over the top." But to make this fact a reality, South America needs capital and immigration. As regards Bolivia in particular, I can assure you, without any fear of contradiction, that nothing would please us, the Bolivians, more than to promote our industries and to settle our fertile, although now deserted agricultural regions, and to this end we prefer to interest American capital and American immigration rather than any other. For we have every reason to admire most heartily and to envy the gigantic activity and vigor of this country, that possesses along with a lofty democratic spirit, the gift of carrying out and organizing great and astonishing enterprises.

It is my own opinion that the duty now of the United States is to look forward to the commercial and industrial development of the countries of Latin America. I advocate the following reasons:

First: American solidarity demands the use of American capital in preference to any other; Second, the weakened and crushed condition of Germany makes it imperative for the United States to replace in the economical, commercial and industrial field all that Germany gave, loaned and purchased in South America; Third, because the War and the opening of the Panama Canal have operated to entirely change the commercial situation in that part of America, making of the United States the pivot of this movement.

Bearing these facts in mind, the United States will not accomplish the redeeming work so successfully started in the name of right and justice, if they do not give the necessary attention and care concerning the economical and industrial necessities of each of the South American countries, and in so doing this work will be of mutual benefit. It is essential to state that when we seek American capital or lay down commercial transactions before merchants and bankers in the United States we do not ask gratuitous favors, rather we offer extraordinary profits.

The United States of North America cannot excuse themselves for lack of capital, as they are to-day the wealthiest country in the world. If there is anything over and above—it is money. They should, therefore, lend their financial help to practical and profitable enterprises, provided, of course, they are duly guaranteed.

To accomplish this, they must accommodate their banking transactions to South American peculiarities, and it is essential that the leading banks of the United States, or an association of these banks, open branches in every one of the South American Republics.

The first and mutual advantage rendered by these offices will be the most trustworthy source of information for American investors on contemplated transactions, as whatever we may now say regarding the undeveloped resources of immense wealth of our territory; of our credit, and of the advantage of certain transactions, this information might be received with prejudice by those who think it is a question of mere propaganda.

It is, therefore, necessary that this information be transmitted by the American agents as quickly as possible, thus enabling speedy and trustworthy transactions.

I myself believe that the opening of branch banking houses in all the South American Countries, must be one of the endeavors of this Second Pan American Conference, as this involves the solution of economic and commercial problems.

Now, dealing with the Bolivian financial situation and necessities, I must state that the Bolivian people have realized that the most sensible thing to do in order to be in readiness for the natural development of its unexploited riches is to construct railroads; therefore, the collective effort of the Republic has been directed to their construction. Bolivia not only produces silver, gold, tin, tungsten, antimony, bismuth, copper, etc., as is generally known at the present time, but she also possesses fertile regions suitable for agriculture, wonderful plains for cattle raising on the North and Northeastern territory, and vast forest which produce all fruits and woods known to the world. Unfortunately exploitation on a larger scale cannot now be effected, due to the enormous distances separating these regions from the consuming towns or seaports.

With the desire to reach by rail the most distant and wealthiest places of the Republic, a plan was inaugurated in 1916 and a contract entered into with the National City Bank and Speyer & Company to construct a system of railroads by means of a Construction Company, capitalized with five and a half million pounds and secured as follows:—The American firms contributed three million pounds in debenture notes of first mortgage on the railroad to be constructed, and two and a half million pounds were subscribed by the Bolivian Government on income bonds issued on Second Mortgage, which are to be cancelled in the year 1932. This contract was duly and legally carried out by both parties. The roads were constructed and the capital entirely expended. These roads are now in full operation and their profits are increasing daily, thus confirming the expectations which originally induced the capitalists to undertake the work.

The Railroad System now completed and in operation comprises the following lines: Oruro-La Paz, Oruro-Cochabamba, Potosi-Rio Mulato to join the main trunk line of the Antofagasta-Oruro, and the line from Uyuni another station of the main system, towards the Argentine Republic, joining the Central Norte Argentino, which has the same standard 3 ft. gage as the Bolivian Railroads which is also the gage of the Arica-La Paz Railway. The completed system will link the Atlantic and Pacific Oceans by a railway starting in Buenos Aires, and terminating in Pacific Port of Arica.

The above shows the great international importance of this work in which completion the Bolivian Government is so keenly interested and for which it is seeking a million and a half pounds loan which will be explained further on.

The capital obtained through the Speyer contract was only enough to carry out the work of those lines as above stated, and it is the aim of the Bolivian Government to continue the extension of its Railroad System securing fresh capital and new contractors. Those lines to be constructed, or in the course of construction, are:

(a) Atocha-Tupiza Railroad, with an estimated cost of one million pounds sterling to join to the Argentine System. I have stated before the international significance of this road and I shall only add that it goes through a region of unexhausted wealth where the "Quechisla" and "Oploca" Mines are located.

(b) Potosi-Sucre Railroad, now under construction by the Government. An estimate of one million pounds will be necessary for its completion. This line has industrial significance as it is the first to be extended into the productive eastern agricultural and petroleum districts.

(c) Cochabamba-Santa Cruz Railroad. Surveys on this line are actually being made, and it is also very important, as it will branch the Speyer System to the wealthiest district of Bolivia, a zone which produces rice, sugar, woods and similar tropical products, and also cattle. The actual production of which is now very limited, due to lack of cheap transportation facilities.

(d) Railway from La Paz to a Navigable Point on the Beni River. This itself means a very important route, running through vast and wealthy agricultural regions to heart of rubber plantations. It is now under construction by the Government with American capital. To start this work Bolivia secured a loan of five hundred thousand pounds, through the banking house of Chandler & Company, and this sum will only suffice to reach the Yungas Zone. Its principal production consists of coca, coffee, tobacco, fruits and woods. We now require the necessary capital to extend this line to the Beni.

Here, to interest capital on the loan required by the Bolivian Government, I want to point out the following:

The Speyer System, which runs through the heart of Bolivia, has been constructed with American capital, and will be the exclusive property of Americans the moment they return to the Bolivian Republic the two and a half million pounds which represents the share of the Bolivian Government on second mortgage bonds.

All the benefits of these railroads, and the increased value that they will attain through the development of the country, will also benefit the owners. There is no doubt that these four lines will ultimately be joined to the South American System of Railroads, and that they will bring into closer contact regions now far distant. These facts will be of such interest to American capitalists that the necessary funds that Bolivia needs for the extension of these lines will assuredly be forthcoming.

At any rate, this reflection is only a mere explanation and should not be considered as of general interest. Further on I will offer a thorough explanation of this question.

Bolivia, a young nation, wishes to place her name in a prominent position as regards international personality through sincere fulfillment of her obligations, and I here wish to call to your attention the fact that my country has never used the proceeds of any loan in unprofitable enterprises, such as war preparations, payments of debt, luxurious buildings or normal administration expenses, but has devoted these funds entirely to the construction of railroads and to constitute the Banco de la Nación Boliviana, which is the medium for the distribution of credit and which provides the means for commercial and industrial transactions of the country.

The following statement shows the outstanding balance of our loans:

Morgan Loan—1918: Outstanding—£362,000. This small sum has been bought in to the last cent by the Banco de la Nación Boliviana; therefore, the Government is relieved of any obligations to the above mentioned Bankers.

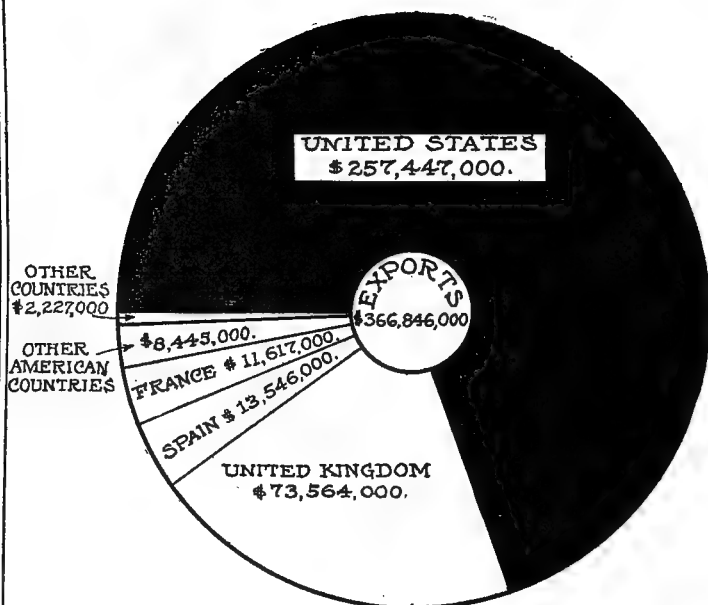
French Loan—1910: Outstanding—£354,000, which was allotted to the foundation of the Banco de la Nación Boliviana. The Bolivian Government retains all shares, and is authorized to offer these shares as a guarantee for any future loans now required. It must be added, here, that the management of this bank is carried on by the shareholders through an Advisory Board of five members, of which only two are appointed by the Government. The financial situation of this Bank is particularly remarkable, and successful, as may be seen by its semi-annual statements.

French Loan—1913: Outstanding £946,000. The purpose of this loan is for the construction of the Tupiza-La Quiaza (Argentina) Railway, and was issued on bonds at the net rate of 90 per cent., 5 per cent. interest and 1 per cent. sinking fund. This loan was obtained under the best conditions, so far obtained

CUBA

FOREIGN COMMERCE 1917

TOTAL: \$639,419,000



by the nation, and only one-third of the whole amount has been spent up to the present time. The proceeds are in the hands of the Trustees, the "Credit Mobiliere."

Chandler Loan—1917: Outstanding \$2,361,000 American Gold, for the construction of the La Paz-Yungas Railroad already referred to as being the first part of the Beni Railroad.

Outside of these loans, which added together, make a total of £3,134,000, the Bolivian Republic has no other obligations. Deducting from this amount £2,500,000, which the Concessionary Company owes the Bolivian Government on second mortgage of these Railways, and which are to be paid in the year 1932, the external public debt in reality only amounts to £634,000.

In order to show how sound is the Bolivian economical situation, I must also refer to her internal debt, which only reaches the figure of £2,400,000, including in this amount internal credits, military indemnities, loans for public works and similar obligations since the origin of the Republic.

Now then, adding this internal debt of £2,400,000 to the total amount of £3,134,000 external loans, without deducting the amount of railway concessions, we arrive at the conclusion that the Republic, with two and a half million inhabitants, only owes £5,534,000, which in American currency is \$10. per capita.

The latest statistics which are available to show the financial conditions of some of the cities of the world points to the favorable situation of Rio de Janeiro, Brazil. This City lately obtained a loan of ten million dollars American currency. The latest statistics state through the firm of Imbrie & Company that her debt is \$65. per capita: These statistics further show London with an indebtedness per capita of \$120, Paris with \$105; New York with \$207; Baltimore with \$114, etc., etc.

It is not only my intention to compare the resources of these great cities with those of my country just awakening to industrial life, but I believe the trifling amount of its debt is remarkable in relation to its population.

It is due to all these facts that Bolivia has never defaulted in the payment of the principal and interests of any of its funded indebtedness, which may be confirmed by the bankers who have loaned the money.

Bolivia is now seeking new loans and feels absolutely positive that she will again punctually meet her obligations.

Among the securities offered as guarantees are presented, firstly: several internal taxes, which are now being deposited in the special accounts and which could be directly handed to the bankers, applicable to payments of interests and sinking fund. Secondly, the Government shares of the Banco de la Nacion Boliviana, together with their income. Thirdly, the two and half millions of sterling pounds in second mortgage bonds on the Speyer Railroads. Fourthly, the special mortgage of each of the railroads to be constructed, allowing the bankers the control they may deem necessary on the exact and complete investment of the principal; and fifth: internal revenue of the Republic.

My country requires also loans for public improvements, such as sewers, etc., in the principal cities, to be guaranteed by sound national revenues, which will permit a prompt payment and the securities for which could be deposited with the bankers who will make the loan.

Besides the Legation in Washington and the Financial Agent on a Special Mission, who has the honor of addressing you, Bolivia has a Consul General in New York who will furnish the necessary data, which may be required by those who are interested in our enterprises.

On my part, I want to add: Bolivian laws and public authorities guarantee personal freedom, property and the rights of foreigners, as well as those of their own citizens. Our political Constitution has been taken on its basis from the American Constitution, and is faithfully adhered to and observed by all. The Military caste, which in the first years of the Republic created agitations, has now totally disappeared and the Army is meritorious and the best guarantee for the national welfare. Political parties fight without hatred, and there is not a man who does not deeply realize that internal peace is the solid base of future progress of the country.

In conclusion, I wish to call your attention to the following commercial abnormalities: to European ports. For instance, a ton of mineral to English

ports only costs £7, from the Chilean port of Arica, while the cost of same to New York is £9.

Second: The latest restrictions concerning the importation of tin, have greatly affected the Bolivian market, as that metal is Bolivia's principal product. Under conditions of free trade it is particularly serious and extremely prejudicial to Bolivian commerce to prohibit the importation of certain metal into the United States.

For mutual benefit, I would suggest that these precarious measures be suspended. If our tin is not sold in the United States and converted into gold we cannot very well buy here our necessities.

I apologize for this lengthy address. I thank you for your most generous welcome, and wish success and prosperity to all the sister Republics herein represented. May closer bonds of sincerity and friendship unite them for common welfare and prosperity.

COMMERCIAL CONDITIONS OF BOLIVIA

BY SEÑOR JOSÉ MANUEL GUTIÉRREZ, CONSUL GENERAL OF BOLIVIA OF NEW YORK.

The European war terminated, in its principal phases, last November, and in changing the international policy of the Nations of the world, it has changed and will even further change the commercial progression of peoples, and especially so those of the Latin-American countries.

If the commerce among peoples constitutes the foundation of their wealth, of their vinculum and amity, to the point of creating common sympathy and affection, we should devote our utmost attention to it in order to establish in this way a commercial intercourse and develop a future abounding with benefits to individuals and nations.

It is an undisputed and unquestionable axiom that friendship among peoples is precedent to the maintenance of commercial relations with equity and honesty. Commerce brings about goodwill among individuals, forms families, thus improving races, interests Governments, associating the interests and strengthening the promises of the future. Governments themselves can do nothing before interests are created by commercial intercourse. They must follow the courses prescribed by the said interests, support them or regulate them, but curtail them—never. Countries that have no commercial vinculum either do not know each other or mutually distrust one another.

Up to 1914 South American commercial progression pursued a fixed course toward European markets. The Europeans had learned to know our customs and our idiosyncracies, excusing perhaps our deficiencies and also taking advantage of our sincerity as young peoples. The United States did not solicit our commerce. They had too many important matters at home to direct their attention toward South America. Nor did we South Americans endeavor to do business with this country. We did not know each other nor was there any marked inclination toward a new commercial contact. That remoteness, without animosity, of course, would perhaps have lasted a long time, notwithstanding the extensive work of the Pan American Union and of other associations of prestige in the United States, had not the difficulties of the war for both created, in prominent characters, a happy relation of commercial interests between both Americas.

Four years have elapsed since the intercourse began, years of anguish, dangers and uncertainties. In this length of time, do we know one another sufficiently well, i. e., our customs, needs, aptitudes, habits and interests? We can frankly say that we are still very remote. We have not intermingled. The same circumstances imposed by the war, with its innumerable restrictions, have hindered the establishment of a conscious relation. And it is regrettable but imperative to say that in that abnormality of circumstances and relations, we South Americans have endured the worst part. Yet, through all we find the contact already begun and there is a desire and indication to perpetuate a normal union. This Conference, of vast importance at this time when everything seems to change and follow a new direction, is an eloquent manifestation of that tendency to contract the commercial union between the Latin American countries and the United States. It is a mutual ambition, for the realization of which there is needed an abundance of determination and an analytic investigation of the best means of establishing a commercial

intercourse between both parts of the American continent. Among the points to be investigated we should not lost sight of the special character of the South American, his sensitiveness, even in the commercial field, his timidity at times and his ingenuous impulse toward grandeur. These investigations must bring about a desire to assimilate fixed customs on both sides. The development of facilities for producer and consumer, sagacity in filling orders and execution of the details desired by the Bolivian merchants, consideration of the means of transportation in South America when packing goods and other minor details constitute the basis of good commerce.

We feel that it is not in vain to comment here upon the system that the German merchants of South America had followed. German commerce paid particular attention to orders and exercised the greatest care in the execution thereof, adhering to the desires of customers and even to their personal preferences; they established houses in all cities, even in the less populated sections where there scarcely exists any agricultural or livestock industry. In 1917, I had the opportunity of travelling over the northwestern and eastern rivers of Bolivia, on the banks of which there are small populations of about 100 or 200 inhabitants, and I noticed that in each centre there was a German agency and a warehouse of merchandise of a quality appropriate to the climate and customs of the natives. Those agencies exchanged their merchandise for products of exportation, such as hides, sugar, rubber, etc. They tried to absorb the large as well as the small markets of Bolivia, and their action followed a perfectly systematic course. We cite this example only with the view of proving the necessity of developing an active and analytic commercial policy.

Having disclosed these general considerations it is now expedient that we cite figures with regard to the commercial activity of Bolivia these last years. Our purpose is to prove that Bolivia is a large productive country and that it possesses valuable natural elements of intercourse in its industrial applications. In citing these figures we are going to make evident that the United States had not directed her attention nor influences toward Bolivia, until the European conflict broke out. We also desire to manifest that Bolivia possesses natural products sufficiently extensive to interest the commerce and capital of this country.

Bolivia pursued, with the other South American countries, a commercial course toward European markets up to 1914. Commerce was almost entirely directed to England, France, Germany, Belgium and other countries, sending their mineral products in exchange for manufactured goods and articles. The United States did not wish to play a commercial role in that movement of barter or intercourse. German commerce encouraged its activity to the extent of establishing an office in the German Transatlantic Bank which took charge of propping up its commerce, with more than capital, with a series of credit combinations, taking advantage of the good will and good faith which characterize the type of person found in Bolivia. The European firms in Bolivia came to study the country, its necessities, giving certain facilities to commerce, not under a gratuitous pretext. With or without pleasure, Bolivia accepted these facilities, considering that it needed and still needs them for the strength of its situation. In 1913 the exterior commerce of Bolivia gave the following figures:-

Exportation

59,327,343 Kilograms with a value of Bs. 65,801,146, corresponding to the United States nothing more than:

3,149,556 Kilograms with a value of Bs. 2,452,500, an insignificant proportion, considering the importance and extent of the American factories which needed natural materials such as tin, bismuth, copper, antimony, etc., etc. It frequently happened that these materials which the United States received from Europe had originally come from Bolivia and gone first to France, England, Germany or Belgium. This signifies that up to 1913 the United States scarcely represented a proportion of 11 per cent as receivers. From 1914 (end of the year) the commercial course begins to change, with marked tendency toward the United States until it reaches the following figures in 1917:

Exportation (From Bolivia)

| | Kilograms |
|---------------------------|-------------------|
| To the United States..... | 54,175,079 |
| To other countries | 97,621,952 |
| | <hr/> 151,797,031 |

the United States having a proportion of 35 per cent of the total production of Bolivia.

In 1918 the commercial activity of Bolivia was as follows:

| <i>Exportation</i> | | Kilograms |
|-----------------------------|--|--------------------------|
| For the United States | | 35,796,012 |
| For other countries | | 35,877,617 |
| Total..... | | 71,673,629 |
| | | Value in Bolivians |
| For the United States..... | | \$Bs. 56,601,002 |
| For other countries | | \$Bs. 78,203,518 |
| Total..... | | \$Bs. 134,804,520 |

In 1917 the imports of Bolivia reached 147,267,236,706 kilograms with a value of \$Bs. 33,480,831.10, of which 36,649,461,585 kilograms with a value of \$Bs. 11,167,398.44 corresponded to the United States.

In 1918, the figures corresponding wholly to the United States reached 217,415,299 kilograms. Since the termination of the war, the commercial situation of Bolivia has been unstable. The producers and importers surely await international adjustments to guide their course of action.

The sudden decline of wolfran and the prohibition of the importation of tin into this country are causes that have deeply perturbed the commercial activity of Bolivia. Should this situation continue, surely Bolivian commerce will turn toward European markets no matter how long the latter may delay in executing orders. To overcome this, official action should be taken by the United States. It must be considered that Bolivia lives upon and is sustained by the value and the good and ready market for its mineral products, the only source of its national wealth. It would be futile for North American commerce to think of supplying Bolivia if it does not offer a favorable market for its own products. Will it be possible to face this question in a manner salvable to international intercourse?

The decline in the price of minerals in this country has brought about a violent decline in exchange. In 1918 Bolivian exchange had risen to 2.38 Bolivians, having gradually declined recently to 2.82 Bolivians, a frightful reduction for the Bolivian importers of articles from the United States.

Tin being the principal export product and the prime industry of Bolivia, which regulates the importations and the exportations of the country and which constitutes to a great extent the public, as well as the private wealth, it is deemed advisable to enumerate data on this point. In 1917 Bolivia exported 46,056,460 kilograms in bars and concentrated form, with an official value of 84,366,952.51 Bolivians, to:

| | Weight Per cent | Value Bs. Per cent |
|---------------------|--------------------|-----------------------|
| Great Britain | 66.95 | 67.83 |
| United States | 32.33 | 31.58 |
| France | 0.57 | 0.44 |
| Chile | 0.15 | 0.15 |

In 1918, Bolivia exported 48,801,027,000 kilograms with an official value of 129,611,139.64 \$Bolivians, about 54 per cent of which corresponded to the United States.

The importations of tin to the United States in the year 1917, taking the different zones of production, including Bolivian bar tin, in tons of 2,400 lbs., were as follows:

| | Tons. |
|--------------------------|---------------|
| Straits | 32,675 |
| Australia | 1,483 |
| "Banca & Billiton" | 9,274 |
| England | 6,155 |
| China | 5,177 |
| Others | 104 |
| | 54,868 |

which, when reduced to metric tons would be 55,747.

Bolivian statistics of 1917 show the following total of tin exportations, partly in bars, to the United States:

| | |
|------------|----------------|
| | Ks. 14,889,360 |
| Bars | Ks. 46,687 |
| Total..... | Ks. 14,936,047 |

During the years of 1917 and 1918, tin reached extremely high levels, but the restrictions, prohibition and consequences of the "black lists" limited the industrial action of Bolivia, the high price of the product making it, in fact, illusory. The black lists, especially, brought about the stagnation of warehoused products in Bolivia and largely caused the panic among the exporters, even though they had no connection with German houses. It is regrettable to have to admit that the said black lists enormously injured Bolivian industry, to the point of making a number of victims, thus proving detrimental to both private industries as well as to the State. The curtailment of mineral products in Bolivia alone was disastrous, both because the producer had been accustomed to consider his material as finding a ready market, and because of that being apparently the only source of his wealth, he saw no other means of importing material from abroad.

Very different is the situation of other agricultural countries that enjoy the use of credit or advances against harvests. Those countries generally enjoy credit for one year periods. Bolivia places raw material on the market and requires immediate remuneration, and therefore rarely resorts to credit.

The Argentine Republic, for example, an agricultural and live-stock country, effects enormous exportations to Europe and the United States, but must, to a great extent, apply for credit, in view of the time it must wait to realize upon its products or harvests.

The United States, for national economic reasons, has prohibited the importation of tin to its markets. Respecting those measures, which must be of great importance for their own interests, we only cite this circumstance as conclusive of the flight of Bolivian merchants toward other countries. How can the Bolivian merchant trade with a country which closes to him its markets for his principal product? How would he pay the value of the goods that he acquired from that country? Commerce indispensably requires the execution of the principle of reciprocity, as the motive and basis of its transactions. To close its markets means cancellation of orders.

The Pan American Union, in homage of its high mission, should aim to overcome these difficulties in order to create a normal and increasing intercourse. In this report our commercial situation is manifested, its antecedents, its oscillations, its courses and its actual situation, a situation which we cannot qualify but with uncertainty.

Transportation in Bolivia, as in all countries, is intimately connected with its commercial and financial activity. Bolivia, a mountainous and broken country, incrustated in the summits of the Andes, with lofty hills that project giant-like over the immense plains, with violent cuts that form streams and rivers that irrigate valleys of exceptional vegetation, some running into the Amazon, others into the River Plate and some branches into the Pacific, has geographical conditions which require over the development of everything, a railroad project, if that rich country is to be made a producing power.

There are probably few countries in the world, perhaps none like Bolivia, abounding in natural wealth. Yet, it seems that nature desires to control that wealth by adverse geographical conditions.

The work of the Bolivian Government, for many years back, has been inconsistent in endeavoring to lay railways across the territory, which, by bringing together the populated centers and uniting the mining districts with them, may actually result in the development of the industry. The Government has determined to exert every possible effort to effect that work and has invested the capital and credit of the Nation.

Unfortunately, despite all the effort and labor, the work projected has not been completed. Several lines of vast importance and immediate need are still lacking, either to unite territorial sections, or to form a strong link with neighboring countries. The construction of the Atocha-Tupiza stretch which will unite the ports of the Pacific with that of Buenos Aires on the Atlantic, is a work which preoccupies the Bolivian Government. When that work, which does not represent

more than 105 kilometers, is terminated, the interocean communication crossing over the high peaks of the Andes into the richest mineralogic region, will be an important factor not only for Bolivia, but for all America.

The impulsive pursuit of the Sucre-Potosi Railroad, uniting the rich valley of Chuquisaca with the mines of Potosi, will conclude a positive national progress.

The Cochabamba-Santa Cruz line, uniting the agricultural, live-stock and petroleum centres of both cities, will serve as an opulent dispensation to the entire Republic.

The line projected to the head-waters of the river, to connect the Bolivian plateau with the navigable waters of the Amazon, means a prospect of capital importance to Bolivia and to Brazilian commerce.

Other lines projected by the Supreme Government of Bolivia, will complete the railroad system, placing the country in a position to develop its industries to the extent that its necessities and natural ambition to promote the movement of intercourse which the foreigner may require.

Its existing railroads, even if they fulfill the indispensable needs, do not facilitate an extensive development. There are three routes, which, starting from three points on the Pacific coast, permit the country to effect its imports and exports originating from the mining centers of the Republic. Those routes are not sufficient to assure easy communication.

The Government aims to complete the railroad system, projected and to accomplish it, the National Congress has instituted laws that authorize the Executive to negotiate for sufficient loans. To effect those national credit operations, the Supreme Government has established in the United States a Special Financial Mission, presided over by Mr. Julio Zamora.

We believe that this is an opportune time for North American capitalists to facilitate the resources needed by Bolivia for the work referred to. We have as a basis, in proposing these transactions, in the first place, national honor and the good faith of the Bolivian Government, verified in several previous transactions, financed with the utmost exactness and answering obligatory provisions with strict punctuality. In the second place, we have as title and basis of operation our natural wealth, made profitable upon the extension of our means of railway communication; we have certain fixed revenues to serve as security and we have untried industries, such as petroleum, which by themselves would be sufficient for the consummation of credit transactions.

Possessing, as we do, such elements, what is lacking for enterprising and influential capitalists to furnish us the resources, which would complete our progress in transportation and would be the foundation of flattering mutual prospects for the negotiators and for the country? That comprehension of our wealth and of the liberality of our laws is lacking; knowledge of our internal conditions and of the facilities required is lacking; there is lacking promotion of the conviction in the United States that Bolivia is not a turbulent country inclined toward revolutionary movements or political changes; there is lacking the fixing in the minds of the capitalists of the United States the evidence that every new country requires rational assistance or perhaps simply the elimination of pressing conditions. In the United States, capitalists and merchants manifest their desire and resolution to negotiate with the South American countries. To carry out those projects they must take upon themselves the means expeditious to consummating transactions; they must understand that profits are obtained after labor has been undertaken, not before work has been executed. To solicit anticipated profits is to annul the progress offered or surmised. The different companies that have constructed railroads in Bolivia or that have exploited them, have been able to prove this truth. None of them can say that they have suffered losses. All of them can say, with affirmation of evident truth, that their financial transactions have surpassed their hopes. It is useless to think of uniting the United States with Bolivia commercially if facilities are not anticipated, and among which that relative to transportation within the Republic requires immediate action. We realize that this point is fundamental.

As supplementary data to these references we attach to this report among other tables, one on "Kilometric Extension and Distances of the National Railroads."

The foreign obligations of the Republic of Bolivia are taken care of, as we have already manifested, with great scrupulosity, without a single case of delay or excuse in fulfillment having taken place to date. The National Government

and the entire country know very well that there is no better means of fomenting favorable opinion of one country in another than the fulfillment of obligations, which become testimonies of good-faith and earnestness.

At the end of 1918, the external debt of Bolivia stood as follows:

MORGAN LOAN.—Contracted in New York in virtue of Law under date of November 28th, 1908, with the bankers, J. P. Morgan & Co., for £500,000 at the rate of 90 per cent issue, 6 per cent annual interest and 2 per cent sinking-fund. This obligation having been served in the meantime, existed until July 1st, 1918, a total of £378,730.15.0, minus that withdrawn in casting lots in January of the present year, or nothing more than about £362,000.00.0.

FRENCH LOAN.—Was contracted in Paris with the Creditor Mobilier Francais for £1,500,000, conforming to the Legislative authorization of February 5, 1910. Up to the 1st of July, 1918, there was a circulation of nothing more than £1,354,840.

FRENCH LOAN OF 1913.—Was authorized for the construction of the Quiaca-Tupiza Railroad by Law of December 5th, 1912. The amount issued is £1,000,000. Up to July 1st, 1918, there remained a balance of £946,280.

LOAN FOR THE YUNGAS RAILROAD.—Authorized by law under date of November 17, 1914, and September 25, 1915, it was contracted in New York, January 22, 1917, with Chandler & Co., for \$2,400,000, there being in circulation of \$2,351,280 up to June 30, 1918. "The total amount of bonds originating from the loans mentioned has been £3,560,007. The balance to that date was reduced to £3,184,700.15.4." (The Secretary of the Treasury so reports in his message to the Assembly in 1918.)

The internal debt up to June 30, 1918, was estimated at 5,070,849.98 Bolivians, which is likewise taken care of by the Government with zealous exactitude.

Here are the exterior and interior national obligations, which are not large considering the wealth of the country and the value of its products.

With the revision of these figures and a reference to the "Presupuesto Nacional," which distributes the ingress and egress, it would be easy to discern the natural question of what are the causes of the official wealth or revenue of the State being so small, with such insignificant obligations on the part of the Nation and an exportation of material on such a large scale. The interrogation is probably logical, and we must therefore explain the causes that result in that abnormality. And as an explanation there is nothing better than to transcribe what Mr. Dario Gutierrez, ex-Secretary of the State, says in his Ministerial Message to the last Assembly.

In its foreign commerce, Bolivia really has exceptional conditions. Judging from statistics, the value of the material which it exports is equivalent to four and a half times that of the aggregate of its imports.

There is doubtless an error with regard to the figures that indicate the value of the material imported, arising from the fact that the Custom House tariff of 1905 was taken as a basis, which ascribes greatly reduced valuations to the greater part of the merchandise. In order to have a result more consistent with truth in this respect, the total amount of imports should be increased by 50 per cent, as per official indication made by the Director General of Custom Houses.

Statistics of international commerce for 1917 show the following:

| | |
|-------------------|--------------------|
| Importation | Bs. 33,480,831.10 |
| Exportation | Bs. 157,748,054.09 |

adopted as a basis of calculation, for the aforesaid reason.

The official referred to advises that an importation of Bs. 50,221,245.65 be

In any case, the value of the exports would represent triple that of the imports.

This tremendous difference could be supposed a constant accumulation of capital in the country, a lively industrial development and an economic prosperity in harmony with the results of intercourse. But not all of the volume of exports represents national wealth. The geological conditions of our soil offer an abundance of mineral products which the demand of the industry appraises; but, the net profit of the greater part is distributed outside of the country, a severe unstable equilibrium in the Bolivian economic situation having been observed during the long period of that commerce, the principal sign of which was the undervaluation of the money in circulation, or, as is said in commercial language, the decline in foreign exchange.

The most careful administrative disposition was not sufficient to maintain the monetary circulation in a normal condition, nor did the efforts of public influence avoid the issue of specie, which, in the capacity of merchandise, liquidated export obligations.

If after perusing the press of thirty or even twenty years ago, we consult the lessons of our economists, the initiative of our politicians, the reflections of business men, facing a constant exportation of coined silver, whose value in foreign markets exceeded that which the laws of the interior ascribed to it, we shall be able to realize the numerous errors that were made in those times, the basis of our scientific knowledge concerning this unsettled problem.

Terrible crises came to pass one after another, and on some occasions they coincided with the rise in price of our natural products and the increase of industrial exploitation. In view of that ironic paradox, statesmen resorted to artificial measures, either taxing the exportation of money in order to maintain internal circulation, or prohibiting it entirely if the exterior demand for specie increased the difference of its intrinsic value over the tax rate itself. Taking the consequence for the cause or the indication for evil, means were then sought to maintain foreign exchange at a high level; without considering that that phenomenon depends upon the conditions of commerce and production, which must be studied from their beginning in order to find a way of insuring a firm and genuine wealth which is reflected in that rise of exchange. This must not be the object of our preoccupations, but the true economic welfare, the sterling richness, the effectual accumulation of capital in the interior and its profitable circulation through national economy.

Legislators and financiers, in seeking an adequate remedy against an evil they did not succeed in determining with precision, focused their attention upon the conditions of circulation and believing that there were defects in the monetary system, they altered it, the inefficacy of which soon became evident, because money always had to overcome the frontiers, when the economic strength was not sufficient to maintain it in the internal circulation. Silver money, a metal depreciated in the quotations of large markets and subject to considerable fluctuation, came to be substituted by pounds sterling. But it resulted that only these were to be maintained in circulation, as the blank money under the silver system, if economic conditions permitted it, and were issued, as that, when the unstable equilibrium existed.

Not many years ago, in the Government and the Legislative Houses, the true cause of the evil was pointed out, showing how fallacious the statistical figures are when they are examined singly, without connection with their antecedents and concomitances. In many parliamentary documents there can now be observed that, when the mines or export industries in general, are exploited for the benefit of foreign companies, the country obtains very little profit from their success and fruitfulness. Have not these ideas spread sufficiently to make it high time to find a means of cutting short the evil, now known and perfectly analyzed?

The question is resumed in this program, simple in its enunciation, though very far-reaching: to nationalize mining exploitations. Considering the importance of this work, the means of realizing this must be sought and to that end the efforts of all men charged with safe-guarding Bolivian interests must be directed.

To contribute to that purpose some contingent of initiative, I beg to submit for contemplation, an idea which I do not believe necessary to hand over as a definite project for official procedure, but which I disclose so that it may be utilized when the study of a new legislation is undertaken, which I regard as unavoidable, directed to maintain the product of mineral wealth within the country in a more important proportion than that represented today by salaries and taxes of exportation.

The mining law of Bolivia is based on this principle: The undersoil is the property of the State. The latter, under pretext of owner of the undersoil adjudges ownership to individuals under the conditions stipulated by a large and complicated legislation. The State considers itself unfit to exploit mines on its own account and limits its action to encouraging and protecting the industry which individuals or associations actuate, importuning a profit to remunerate its initiatives, capital, risks and efforts. All the mining legislation is directed to that end and is gauged to establish and guarantee the rights that come under its protection.

Liens on mining, which may either be privileges or rights to export products, are established not as remuneration to the State for the adjudgments that it authorizes, but in virtue of the authority with which it sanctions all the other duties that

must further its development. The adjudgments of mines are essentially gratuitous. The State, although it demands resources to promote its action, does not seek its own wealth in the mines, but that of the inhabitants, at the same time endeavoring to have their welfare redound to national profit.

The practice of such liberal principles results unfavorably among us in a certain aspect. It is true that there are dangerous risks in the mining industry, the capital that is consumed without profit not being slight, after having been invested in unprofitable explorations, incomplete study and fruitless experiments, it is certain that no other (industry) produces such prodigious results, the original capital contributed to the enterprise having been multiplied many times by tenths or hundredths. Meanwhile, it may be that the country does not offer safe and reassured inducements for investing within it the products obtained by mining success, or perhaps other motives induce the tradesmen to put the fruit of their labor in the exterior, the fact is that the capital issuing from that industry emigrates in considerable quantity, causing the pernicious unstable equilibrium, in national economy, to which this chapter refers.

To maintain within the country a greater quantity than remains under actual circumstances, originating from exportation of minerals, is a work incompatible with the present system of gratuitous adjudgments which encourage production, without the slightest precautionary measure to insure the return to the country, of the price obtained outside of it for the products of the industry.

If the State, having declared itself a participant in the industrial issues, should make suitable rules, very different from those that govern the mining adjudgments, it could retain within the country a considerable part of that wealth, which is ever ready to leave it; this would be assimilated in the interior and would serve to create new industries, the development of agriculture and cattle-raising; and the constant circulation of capital within national economy, would result in fecundating the fields of prosperity and opulence.

Without undertaking to enumerate the rules to be established within that new system, which would effect a true transformation in Bolivian economy, I must only say that they would all have as a basis the participation of the State in the exploitation of the mines which may be adjudged in the future.

Those that are owned and exploited at the present time, whose ownership is founded on rights existing previous to the new law, would continue being subject to the system of free exploitation for the benefit of their owners, without other obligation with regard to the participation of the State, than that of paying the corresponding taxes.

The entire new adjudgment would contain the condition that the State be participant in its profits, in a proportion varying according to the outcome of the enterprise.

At first sight it seems as if that measure would present the danger of discouraging the mining enterprise, once a gratuitous and annoying partner must divide his profits equally. Nevertheless, there is nothing more inaccurate than this idea, above all if the law establishes the non-participation of the State in mines whose production may not reach the limit fixed by it.

It must be taken into account that none of those miners, whom fortune presented huge profits, disproportionate to the magnitude of their efforts and the amount of their capital, counted upon such favorable results in the beginning of their industrial labor. None of them would have failed to enforce the work which afterwards created immense wealth, if they had known beforehand that they were obligated by law to share one-fourth of their profits, for example, with the national treasury.

I intentionally avoid discussing this matter further, recommending its study to the men called upon because of their knowledge of political, social and legal matters, to undertake it with determination and patriotism.

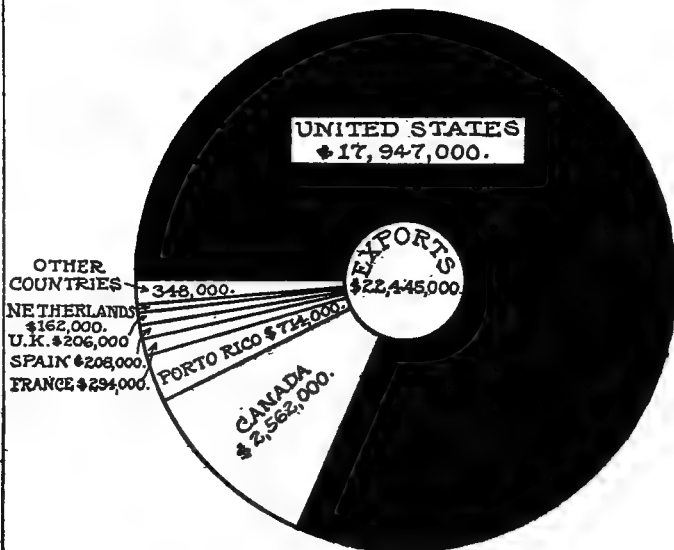
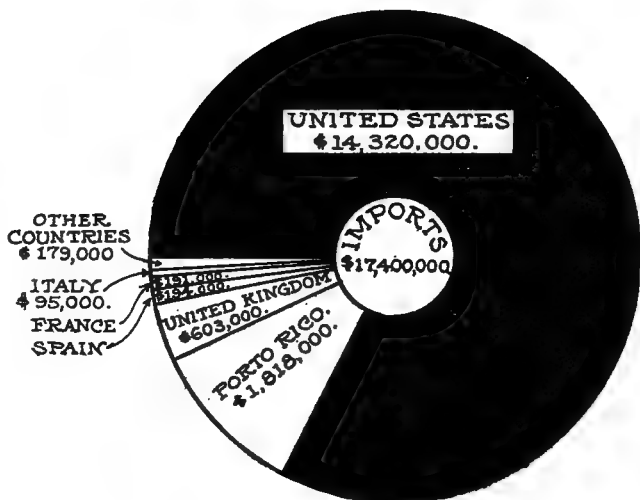
The thought of the administrative difficulties in winning must not discourage us, owing to fiscal participation in a number of private enterprises. The economic and financial result of the reform would compensate all sacrifices.

Such is the sketch of the commercial and economical condition of Bolivia, substantiating a notable progress obtained several years back beneath the shade of an inalterable public peace, encouraged by the national criterion toward practical labor and the desire of honorable national governments, which, inspired by common welfare, have elevated the country by secure routes to a place making it worthy of credit and giving it a reputation of an honorable and respected nation,

DOMINICAN REPUBLIC

FOREIGN COMMERCE 1917

TOTAL: \$39,845,000.



both as to its own laws and the interests of its friendly countries. If with these properties and the wealth of its natural soil, Bolivia does not obtain the cooperation and initiative necessary for her growth in the commercial concert of South American nations, it would mean that destiny is inexorable in its injustice toward Bolivia, which merits the practical sympathies of its neighbors and other nations of the American and European continents.

The moment has arrived, and this is the best opportunity to make known what we have in Bolivia, what we can produce, what we must do in favor of our progress and happiness and what we await of the strong nations, particularly on the part of the United States.

We would ask that eyes be set upon Bolivia and that its conditions be studied carefully. Once we are known, we are sure that we shall be highly considered and that we will receive efficacious cooperation.

A DIGEST OF COMMERCIAL CONDITIONS IN BOLIVIA.

BY SEÑOR ALBERTO PALACIOS, CONSUL GENERAL OF BOLIVIA AT SAN FRANCISCO.

The rapid succession of events during the past few years—War, Peace, Reconstruction—has affected to a certain extent practically every country of the globe in accordance with the participation taken by each, viz: industrial strength and public wealth. The war developed resources heretofore unknown and revealed latent economic forces that existed, awakened individual initiative and stimulated geniuses to produce, with the result that while in the battlefields of Europe the wealth of the Old Continent was destroyed at random, other countries labored day and night to replace the losses and provide the Allied Nations with the necessary supplies in order to bring about success for their cause—meats from Australia, wheat from Argentina, Platinum from Colombia, furs from Alaska, gold from South Africa, and the rarest metals and delicious fruits of nature were requisitioned to be placed at the disposal of the Allied soldiers.

The United States threw on the same side its inexhaustible supply of wealth and industrial organizations, thus with her greatness and military power virtually assuring the triumph of the Allied arms.

Bolivia, a small nation situated in the heart of a continent, away from the general paths of communication, due to the fact that she was deprived of her own coast line,—situated in the highest regions of the Andean mountains, also did her modest share. Morally, breaking relations with the Imperial Teutonic Regime, under the aspect of economy, she placed at the disposition of the Allies the rich metals stored in her mountains, indispensable for the various uses of the war.

She sent hundreds of thousands of tons of tin to can foodstuffs, the antimony used in all of the projectiles from the Berthas and Black Marias up to the sharp and diminutive shrapnels which rained from the machine guns; silver for monetary purposes, and the manufacture of fine surgical instruments; the tungsten used in the manufacturing of cannons; copper, bismuth, lead, molybdenum, India rubber, alpaca wool, have been shipped to the English and American markets in appreciable quantities, as it may be observed from the following data taken from statistics of the year 1917:

| | | |
|--------------------------|-----------|--------------|
| Tin | valued at | \$34,103,392 |
| Copper | valued at | 4,768,457 |
| Antimony | valued at | 6,807,162 |
| Tungsten | valued at | 4,324,116 |
| Bismuth | valued at | 1,646,670 |
| Silver | valued at | 2,108,764 |
| Lead | valued at | 605,965 |
| Zinc | valued at | 212,312 |
| Rubber | valued at | 6,169,680 |
| Coca and Quinine..... | valued at | 354,253 |
| Live Stock and Wool..... | valued at | 1,698,464 |

During the year 1918 the exportation of tin had risen to 50,000 tons valued at \$51,844,400.00.

A large portion of these products came to the United States, with which country trade has increased in a noticeable proportion; so much so, that while in 1914 it amounted only to \$2,835,700, in 1918 it had reached almost \$40,000,000; that is to say, fifteen times as much.

The following data refers only to the trade carried through the ports of the Pacific, excluding commerce conducted through the ports of Argentina and Brazil:

| | |
|---|-------------|
| Importations from the United States via the Pacific | |
| during 1918: 52,735,326 kilos | \$9,161,144 |
| Exportations to the United States, 36,796,012 kilos.... | 22,600,400 |

If the contribution made by Bolivia is duly examined in connection with war requirements from 1914 to 1918 it will be found that she supplied 465,529 tons of minerals and other raw materials amounting to \$200,000,000.00.

The transition from war to peace has caused a delicate situation in Bolivia, in consequence of the demoralized business in buying centers. Suddenly the demand has become paralyzed, and shipments have been suspended, due to the accumulation of stocks by England and the United States, to such drastic extent as to prohibit the importation of tin. We have hopes that these steps will be maintained for only a short period, because if such action is intended to defend the fiscal interest of those countries, it must not be forgotten that discouraging the interests of countries like Bolivia, they disorganize her economical life, by which precedent, on reducing its productive capacity, they also weaken its purchasing power, which in the end mean that the harm would not only be suffered by the Bolivian miners, but equally by the American merchants who do business with them.

From the moment that the exportation of our minerals became reduced, shipments from the United States automatically began to decrease. This refers particularly to the Pacific Coast, as it may be seen from the following data:

During the past year there was shipped from San Francisco destined to Bolivia 29,551,728 kilos valued at \$1,542,189.30 and from Seattle 10,583,965 kilos valued at \$497,684.95, outside of other quantities from Los Angeles. Commencing with January of the present year, shipments have been reduced to an alarming extent, as is shown by the following insignificant figure:

Exportation from San Francisco January to April inclusive, 453,159 kilos, \$84,993.38.

My above assertion to the effect that any restriction placed on the purchase of our products will carry as a consequence almost a total cancellation of the intercourse with the foreign markets, which act would not leave American commerce untouched, at the present moment when a plan of commercial expansion is trying to be brought about, which procedure has been met with the good will and approval of the Southern Republics.

This radical change can very well introduce doubts, that European competition will surely try to take advantage of, as they will be able to affirm that the increase of business with the United States was a temporary phenomenon due to the war, and that only the European markets, as in pre-war times, are capable of supplying the necessities of our economical and industrial life. The following articles are the principal ones exported by San Francisco and Seattle:—Lumber, explosives for mining machinery, mineral oils, gasoline, steel cable, cement, rice, evaporated milk, canned fruits, fish and other merchandise, details of which may be found in the enclosed lists.

Regarding lumber, I take this opportunity to point out the necessity of endeavoring to bring about an extensive business through a larger number of exporters, as actually those engaged in the exportation of this article are very few, for which reason the business consummated is of a limited amount.

In the high plateaux, the most thickly populated parts of Bolivia, the lumber used for the frame work of the mines and work of construction is imported from California, and undoubtedly if they do not consume any more it is only due to the restriction above mentioned. However, if by initiating an extensive competitive campaign, placing same within the reach of miners, builders and other industries, its consumption would be materially increased; many other construc-

tion materials manufactured in the Western part of the United States will find a ready market in Bolivia, if an attempt is made to introduce them on a larger scale.

In many cities construction is active and I might state at a cost which did not prevail 10 years ago, whereas at the present time it is not rare to see a building erected at a cost of one million Bolivian pesos. Fifteen years ago, a few lots situated on Avenida 16 De Julio La Paz, which all combined could have been purchased for one hundred thousand Bolivian pesos, today would cost five million, to pay for the cost of buildings erected in the four blocks of this avenue, in the neighborhood of which they have built pretty commodious homes. The material used is, in part, obtained in the country, the remainder being of foreign importation, such as lumber from California, paints and wall-paper, hardware and decorations from Germany. A much larger market could be found for cement if it was possible to obtain cheaper freight rates, a problem which must be solved by the manufacturers, as this not only affects the Bolivian markets but affects as well all of the Western coast. San Francisco previously exported more or less eighteen million of flour kilos yearly, but no shipments have been made during the past two years, but it is hoped that as soon as all restrictions have been removed, the American flour will again find its way into the Bolivian market, even if in a smaller proportion, as this country is commencing to produce some for its own consumption, thanks to the completion of mills in the department Cochabamba.

This new situation offers to the California millers an opportunity to invest their capital, establish mills and cultivate wheat, which capital would be welcome by the farmers of these valleys, who could very well associate themselves with the American capitalists looking forward to a greater success in the business.

Should it prove of interest, we submit the following data, pertaining to this business:

In 1916 the railroad to Cochabamba, the capital of the Department of the same name, was completed at a cost of 14,000 pounds sterling per kilometer. It was constructed by English capitalists, under the name of the "Bolivian Railway Company," who were induced to construct it upon realizing the ready access it afforded to an almost unlimited stretch of land which was suitable for the cultivation of wheat, fruit and many other products.

Cochabamba has an electric railroad of 80 kilometers extending through the valleys of Quillacollo and Arani.

The climate is temperate and there is an abundance of water which could be used for irrigation purposes. Its altitude is 2575 meters above the sea level.

The area of the Department of Cochabamba is 60,417 square kilometers.

Until 15 years ago the greater part of the flour consumed in Bolivia came from Cochabamba, but due to the old fashioned methods pursued it became cheaper, after the completion of the railroad to the Pacific Coast, to import foreign flour and in consequence the national production decreased.

It is a known fact that flour produced in Bolivia is equal in quality to that imported from abroad and surely, it would be much cheaper, that is if modern mills could be erected, as the paying of ocean freight, custom duties and all other expenses incurred in the importation of flour from abroad would be eliminated. Another factor which would bring down its cost is the cheapness of labor. It is probably unknown by a good many, but it is never the less a fact that the price of flour is so high in Bolivia that it is a luxury to most people. The poorer class—the Indians—can only afford it once or twice a week at the most.

During the year 1916, outside of the flour produced in the country Bolivia imported flour to the amount of \$1,500,000 weighing 25,000,000 kilos of which 18,000,000 valued at \$1,140,000 were imported from the United States.

Customs duties collected amounted to \$135,530.00.

Notwithstanding the prosperity brought about by the development of mining, the country has awakened to the realization that this industry is merely one of the factors of the public wealth; therefore, without disregarding its importance efforts must now be encouraged toward the exploitation of our fertile lands, which are capable of yielding all the known agricultural products of the globe.

The manufacturers of agricultural implements will most assuredly find a future market in Bolivia, and if I mention the future, it is because it will be

necessary first of all to carry on an extensive advertising campaign, and secondly to educate the people in the use of these implements, which procedure is well known to the American manufacturers. After having observed with very much interest the splendid results which were obtained through the annual exposition at Davis, California, I believe that the sending of a similar exposition to Bolivia, which would be in a position to tour the greater part of the country, would undoubtedly bring about satisfactory results. Having spoken with several exhibitors of tractors, they informed me that, notwithstanding the fact that the American farmer has now become accustomed to the use of these modern implements, it was only brought about by the unrelenting efforts put forth by the manufacturers in their attempts to point out the advantages that were to be found in the adoption of the tractor. When one takes into consideration the high cost and the fact that the farmer was so accustomed to working with horses, the difficulty under which the manufacturers were compelled to labor, in order to assure their universal adoption, cannot be too greatly magnified.

Only by the active propaganda put forth by the Government in their desire to increase the crops and the publicity campaign made by the manufacturers followed by practical demonstrations, has it been possible to overcome these difficulties.

If this is the case in this country, it is logical to suppose that the South American farmers will be more incredulous as to the advantages to be found in the use of such modern equipment. Catalogs, advertisements and circular letters will be of little importance if they are not backed up by practical demonstrations.

From the above facts it has occurred to me that the organization of such an exposition would prove successful. The idea could be supported by some of the foreign trade associations in cooperation with the manufacturers who are directly interested, with the assurance that this method of advertising would bring forth the desired results, not only from a business standpoint but also from that of progress and education.

It is not my intention to point out that this exposition should go only to Bolivia, but rather that it should tour all the Western republics, returning by way of the Atlantic. Neither would it be necessary to send a formal exposition, as it would be sufficient to send an adequate number of tractors which could be easily transported, together with their corresponding tools and implements.

This system of demonstrating to the prospective purchaser the article that is being offered, even if it should be a heavy piece of machinery, is not a new procedure. The linotype manufacturers introduced it into South America in this manner, which method was followed due to the fact that the Germans were controlling this market with their tipographs.

Give us the money to exploit our mines with modern machinery, money for the construction of the many railroad lines which we intend putting through, money for farming, barbed wire for fencing our grazing lands, even superior to those of Argentina, and then the American investor, manufacturer and merchant will have opened a new "market." In the South American republics "commerce" means to finance to the necessary extent their requirements, take from here the surplus coin to exploit the natural resources extensively found there. Both factors united would produce millions, the same as were produced in the Western part of the United States, as it has been proven that the phenomenal development of the West was not due to the discovery of gold in California, but rather to the millions invested by Wall Street.

Speaking about Bolivia, I have heard that notwithstanding her 700,000 square miles, scarcely populated by 3,000,000 people, of which 50 per cent. are Indians, there are numerous difficulties presented which would hinder the development of the country. Protesting against this, as an example, I only wish to mention the South African Union, where due to the similarity of various circumstances, one finds a good example of what could be done in Bolivia. The countries which form this Union possess an extensive territory of over 500,000 square miles, with a population of only 5,500,000, of which only 1,200,000 are whites, controlling about 4,000,000 colored people. Even under such conditions, they have attained a high degree of prosperity which is revealed by the following data:

Their commerce before the war amounted to \$400,000,000, their estimated expenditures \$50,000,000, and their debt \$550,000,000. The railroad lines had

an extension of 7000 miles. However, it is impossible to forget that the enterprising spirit of the Boer, to a great extent, is responsible for this attractive success, but also it should be accepted that the natives of South Africa cannot be compared with the Bolivian Indian, whose thriftiness, physical strength and agreeable disposition makes of him a desirable element; they supply all labor required by the mines, farms and railroads of the country.

Mr. John Jackson, builder of the railroad line from Arica to La Paz, at the time when he made delivery of this line, officially stated that after having constructed several colonial lines, he was of the opinion that never before during his long experience, had he met with better laborers. Mr. Victor M. Coster, American traveller, wrote from Bolivia to a New York magazine, making the following statement: "The Indians form an ideal working class; they are sober, hard-working and adapt themselves easily to all kinds of work and manufacture."

In these modern times, when the most delicate products are transported from one continent to another, such as fruits and meats from Australia to England over a distance of 12,000 miles; apples from Canada to Europe; peaches and plums overland from California to New York,—there is no reason why it should not be possible to import from Bolivia a variety of foodstuffs, whose superior quality can only be obtained there.

Allow me to mention our potatoes. The quality produced in the United States is indeed very good and the variety is extensive, but never will it be possible to compare them with the Bolivian product, whose nourishing power is greater, flavor is better, and the varieties more numerous. 184 different varieties have been classified, which are being at present cultivated in different regions, from an altitude of 13,000 feet over the sea level, down to 6000 feet.

Potato raising, if conducted under modern methods and in a conservative manner, would place us in a position to immediately export the product to the countries bounding us, viz: Argentina and Brazil, where, notwithstanding that the product is raised, it is not of the same quality.

Another commodity which may be exported in the future is "quinua," this being a cereal raised in the Andean heights and regarding which the learned Californian, Mr. Burbank, said the following: "This plant has been under cultivation and close observation in my farms for ten years or more, and has been greatly improved by a selection; a more delicious breakfast food was never offered to America." I had the pleasure of personally meeting this gentleman, who upon confirming his opinion, stated that this grain is subject to be attacked by aphides when raised in the lower altitudes, but this would not be the case in the high regions of the Bolivian Andes, where besides a better and more consistent product is obtainable.

I also wish to take up the matter of maritime shipping from the American Pacific Coast to South American ports. Exporters, the Chamber of Commerce, and newspapers in general are constantly complaining about the lack of tonnage and poor passenger service when compared with Eastern facilities available to Eastern markets, and which places this Western Coast in a most disadvantageous position when competition has to be met, consequently limiting their possibilities for development of trade throughout Ecuador, Bolivia and Chile. In support of my statement, I would point out that the only direct line of steamers plying between ports in the said territories, is a Japanese line, and therefore the American traveller is compelled to use the steamer of a competitive country when it becomes necessary for him to take direct passages.

There is a strong desire to better such an unsatisfactory state of affairs on this Coast, and I am glad to say that prospects are encouraging for the near future. At a meeting held on the 22nd of this month in the Foreign Trade Club, to which the Consuls of Argentina, Mexico, Chile and Bolivia were kindly invited, it was announced that the Rolph Navigation Company had decided to start immediately the operation of a direct steamship line which would not only go as far as Chile, but even as far as to the Argentine Republic, making the voyage around the Cape.

Summing up, the increase of intercourse with the U. S. A. will depend upon the interest taken in the development of the vast natural resources of Bolivia, which can only be done by the investment of the capital necessary to exploit our unlimited natural wealth, and I must state once more that in order to secure a satisfactory increase of our commerce, it is imperative that due financing should be taken into consideration in this country.

BRAZIL

WHAT BRAZIL BUYS AND SELLS

BY SENHOR TH. LANGGAARD DE MENEZES, ATTACHÉ OF THE BRAZILIAN EMBASSY,
COMMERCIAL AGENT IN THE UNITED STATES OF THE MINISTRY OF AGRICULTURE,
INDUSTRY AND COMMERCE OF BRAZIL.

(Read at the Morning Session of Tuesday, June 3)

Before coming to this Conference I refreshed my memory of Brazilian commercial statistics by reference to a publication issued by the Ministry of Agriculture, Industry and Commerce, which I have the honor to represent in the United States as Commercial Agent. The title of this publication is "What Brazil Buys and Sells;" and I mention it here because, in my opinion, it expresses the fundamental idea on which we Brazilians seek to base our international trade relations.

We realize in Brazil that foreign commerce is a matter of international cooperation, of give and take. We are anxious to sell our goods to other countries, but we are equally desirous to buy those things which others can produce at less cost than we. Therefore, our Ministry of Commerce has taken great pains to collect and publish information that will assist the business men of other countries, whether they buy or sell.

We Brazilians believe that we are on the threshold of great commercial expansion. Our business men are wide awake to the new opportunities created by the war and the peace settlement now being arranged. Whereas, before the war, we looked for capital and for trade chiefly, across the Atlantic, now our chief opportunities lie nearer home, in the New World.

Territorially Brazil is going through a stage of progress familiar to the people of the United States. Behind the well settled area and the great cities along our coast lie millions of acres of undeveloped forest and plain. Our young men, like yours of two or three generations ago, as Horace Greeley told your young men 60 years ago, are beginning to go west. To utilize the extraordinary resources of our interior we need capital. Europe will be in no position to help for many years to come. We must look for the cooperation of the United States. But we know that the investment of American capital must go hand in hand with the development of our North American commerce.

Brazil has one product in particular which the United States desires and must have—coffee. If I were asked to enumerate Brazil's contributions to the Victory of the Allies I should place coffee near the head of the list. I wonder if you realize the important part our national beverage played in the war. The men who wore the khaki of Uncle Sam consumed nearly a hundred million pounds of it.

I have seen it stated that one day's coffee ration for a single division of the American Army of Occupation in Germany amounts to 2,500 pounds. Those boys get four or five cups of it a day.

Of course, even a Brazilian would not attribute their valor wholly to these coffee rations, but the fact speaks for itself—the American Army drank more coffee, more real coffee, than all the other Allied Armies combined—and how they could fight!

In coffee growing Brazil leads the world and it seems to me that we display sound business judgment in making this product the basis of our first organized effort since the signing of the armistice, to stimulate foreign trade.

Since I came a month ago from S. Paulo, the State which grows and exports two-thirds of the world's coffee crop, perhaps I can make no better use of part of my time than to tell you something of what the coffee planters of Sao Paulo have done, and are doing, to increase the interest of their best customer, the United States.

In this country, I have heard advertising referred to as "the soul of business." Well, the coffee growers of Sao Paulo are trying to put more of this kind of "soul" into their business. They have provided for a fund of one million dollars to be spent during the next four years in advertising in the United States—not any particular kind or brand of coffee—just coffee. The money comes from a tax on all coffee grown in Sao Paulo; and it will give you some concep-

tion of the immensity of our coffee crop when I tell you that this million-dollar fund represents only about one sixty-sixth of a cent in each pound exported from that State.

I have called the attention of this Commercial Conference to the Brazilian coffee campaign because it singularly demonstrates the increasing good will between the business men of the two countries.

The administration of this million-dollar advertising fund has been entrusted to a committee of coffee roasters and distributors residing in and citizens of the United States. I know of no more conspicuous and satisfactory example of international teamwork.

But I would not have you think that Brazil is by any means a one-product country. Her vast arable territory with its diversity of altitude, climate and soil furnishes unbounded possibilities for a variety of crops and industries. We have taken advantages of the many economic opportunities presented by the war, to develop not only our plantations but our mines and our factories. The exportation of minerals has increased since 1913 more than six fold. In March of last year the Government encouraged the manufacture of steel and iron and stimulated mining by some noteworthy special favor decrees. For example, we grant loans up to the sum of the capital of installation on iron and steel factories, showing a minimum daily output of twenty tons. We will arrange with railways and steamship lines for minimum freight rates on pig iron and steel produced in national factories, as well as for apparatus, machinery and material for the upkeep of such factories. We stand ready to construct small branch railways necessary for the transportation of their raw material and products.

Speaking of products essential to both war and peace, I must not forget our great staple, rubber. During the fiscal year ending June, 1918, the exportation of Brazilian rubber to the United States amounted to 41,277,914 pounds.

In November, 1914, we began the exportation of chilled and frozen meats. This industry has been developed with amazing success. The total value of these exports rose from \$301 in 1914, to more than \$15,000,000 in 1917, the last year for which figures are available, while the total export value of all animal products in that year, rose to \$56,320,000, as compared with \$18,835,000 in 1913.

Had I time I might speak of our tobacco industry, of sugar, beans, rice, manganese, cotton and woods. The mere cataloguing of these products should serve to demonstrate the variety of our resources and the opportunities awaiting investors. The unprecedented growth of our trade with the United States is shown by the fact that exports from Brazil to that country have increased since 1913 more than thirty-three per cent., while imports from the United States have increased one hundred per cent. In short, the United States is the chief gainer in the readjustment of trade caused by the severance of relations with Germany, from which country we purchased in 1913 goods valued at more than \$58,000,000.

In closing, I wish to say that, next to capital for the development of our immense potential wealth, Brazil needs improved means of transportation for her foreign trade. So far as Sao Paulo is concerned we are well equipped with railroads. Facilities for getting our products to the coast are excellent. If necessary, the railroads into Santos, the world's greatest coffee port, could run a coffee train every ten minutes day and night for weeks at a time.

What Brazil wants is ships. Increase in business with the other American Republics is largely a problem of transportation.

We are the only country in the world with a waterway by which vessels of ocean draft—22 or 23 feet—can steam 2,200 miles into the interior. We have 5,000 miles of rivers awaiting vessels of such draft. The Amazon valley offers 20,000 miles of rivers navigable for trade.

The period of German exploitation in Brazil is over, never to return. We are looking to the United States for men and money, and we stand ready to give value for value received.

PROSPECTS OF THE VEGETABLE OIL INDUSTRY

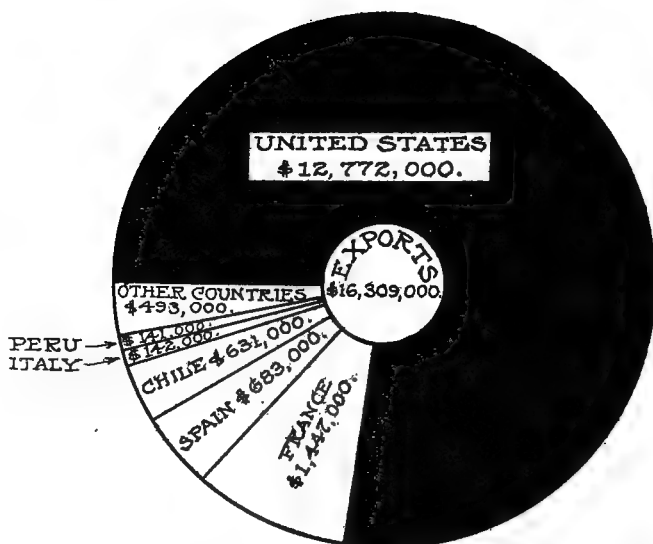
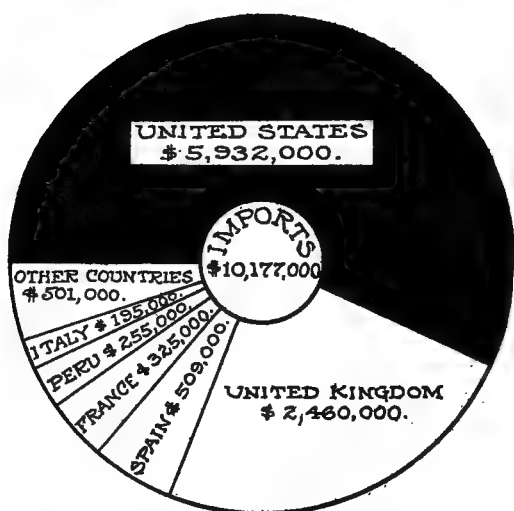
BY SENHOR JOSE CUSTODIO ALVES DE LIMA, BRAZILIAN CONSUL GENERAL AT LARGE AND INSPECTOR OF THE CONSULATES OF BRAZIL IN NORTH AMERICA AND ASIA.

A bond of union between the United States of America and the United States of Brazil, which has been my earnest wish for almost four years, prompts

ECUADOR

FOREIGN COMMERCE 1917

TOTAL \$ 26,486,000.



the Minister of the Treasury. so as to avoid the importation of material intended for other purposes.

6. The authority vested with the Brazilian Government to adopt a preferential tariff is still in force for one or two more classes of foreign products, with the power to reduce same to the extent of 20 per cent, a limit which, in case of wheat flour, may be reduced as low as 30 per cent in case such concessions are met by concessions made to Brazilian products, especially in tobacco and rubber.

7. The Brazilian Government is still authorized to cooperate with the Brazilian States in solving the problems of the home industry, having the power, among others, to modify the export tax on rubber collected by the Federal Government.

8. Exempt from all duty: The necessary raw material for the building of ships, aeroplanes and automobiles.

9. Free entry into the territory of Brazil, independent of any fiscal measures, cattle of any species intended for breeding and fattening purposes, there remaining in force solely the duty on cattle for slaughtering purposes.

10. Coal and petroleum, when imported as fuel, shall pay a 2 per cent tax, according to the circular of the Minister of the Treasury, No. 73, October 11, 1916.

11. Exempted from import duties and clearing charges: Machinery and accessories intended for exploration, exploitation, moulding, pulverization and preparation of mineral coal; as well as machinery, accessories and materials intended for the preparation and use of the by-products and transformation of coal mine products by river, land and sea.

12. Exempt from duty, including clearing charges: Raw petroleum intended for agricultural machines.

13. The Government is authorized to grant exemption of duties and clearing charges for ten years to shipyards built under the terms of the present law.

14. Exempt from any import duty and clearing charges: Barbed and smooth wire intended for fences and inclosures in the agricultural districts and railroad properties.

15. The Brazilian Government is empowered to make agreements, pacts or treaties with friendly nations with the view of better regulating and protecting the rights and interests of industry, commerce and finance, stipulating and agreeing to reciprocal obligations and advantages, all dependent on the approval of the national Congress, inasmuch as that comes within its jurisdiction.

It is a great satisfaction that these important measures should have been adopted in my own country, Brazil, in the last two years for the expansion of the trade abroad and particularly with the United States of America.

BRAZIL'S TRADE WITH THE UNITED STATES DURING THE WAR

BY SENHOR SEBASTIAO SAMPAIO, CONSUL OF BRAZIL IN ST. LOUIS.

(Read at the Morning Session of Tuesday, June 3)

Ladies and Gentlemen: I have been just seven months in the United States. I do not speak English, not yet. But I must obey, I must speak today here and I have confidence in your good will.

I will use my five minutes to show you with numbers from American Official Statistics that the trade between the United States and Brazil during the last five years was and is the most progressive trade not only of America but of all the world.

Business, exports and imports included, between the United States and Latin America increased 60 per cent. But business between Brazil and the United States alone increased, not 60 per cent., but 160 per cent.

I do not know of another example of such an increase in trade. Brazilian exports to the United States increased more than 50 per cent. and Brazilian imports more than 100 per cent.

This increase is more interesting for our consideration because Brazilian coffee (70 per cent. of Brazilian exports before the war) decreased to 40 per cent. during the war. We did not help the allies only with our navy in the North Sea, or with our military surgeons and aviators in France, or with our one-half

a million tons of merchant marine given to the allies, or with our friendship. We also improvised tremendous new industries in Brazil, like beef to help the allies with food, like manganese—all the manganese which you asked for the needs of your steel manufacturing during the war.

Now, I remember that our biggest increase in the trade with the United States was the imports from your country. Our figures increased each year. In 1916 Brazil alone imported more from the United States than all the River Plate Republics. Argentina, Uruguay, Paraguay and Venezuela, imported together from the United States \$92,500,000. Brazil alone imported from the United States \$101,000,000. In 1918, the year of the biggest restrictions of tonnage during the war, almost no ships from the United States to Brazil. Of course, your exports to my country decreased 50 per cent. But in 1919, with more ships every day, you got again the same situation of 1917.

I finish with the last official numbers of Washington statistics, about April, 1919, one month ago. In April, 1918, Brazil imported from the United States \$5,000,000.

Last April, one month ago, Brazil imported \$13,000,000 of your products. All of South America imported \$29,000,000, of which Brazil imported \$13,000,000, almost one half of that amount.

TRADING IN BRAZIL

BY LEON N. BENSABAT, MANUFACTURERS AGENT AND IMPORTER, RIO DE JANEIRO

(Read at the Evening Session of Thursday, June 5)

Ladies and Gentlemen: It affords me great pleasure to say a few words to you in regard to Brazil, that wonderful country, that stretches majestically and almost interminably in the South American Continent. I have been established in the beautiful Capital of Rio de Janeiro for over twelve consecutive years as manufacturers' agent and importer and I am now on one of my periodical visits to my folks and business friends here. You have already heard the unusually interesting address of Mr. Sebastiao Sampaio, the bright and active Brazilian Consul in St. Louis, and that of Mr. Theodore Langard de Menezes, the sound expert and live commercial wire attached to the Brazilian Embassy. Both gentlemen impressed me as being too sober in their statements and altogether too modest and moderate in dealing with the unlimited resources and unequalled opportunities of their vast Country.

The war wrought some radical changes in most countries but Brazil is undeniably the one country that has derived the greatest and fullest benefit from the World's War. What the Brazilians have accomplished during the darkest four years in human history is simply amazing. Coffee and rubber, rubber and coffee were, prior to the war, the, so-to-speak, main products of Brazil; they constituted its almost exclusive resources and stood as the back-bone of its whole economical life. The constant efforts and energies of the whole Brazilian Nation were actually directed and centered solely into those two divine mannas when the war broke out. The larger part of the European markets was suddenly shut off, and whatever shipping tonnage there was to carry these two commodities into such markets as were still open and able to buy, shrunk almost daily to an alarming extent. Brazil was then face to face with the most terrific crisis ever recorded in its history; industrial, commercial and financial crisis. Desolated Europe could not help and the United States had their hands full helping the champions of liberty and the heroic defenders of modern civilization ruthlessly outraged and trampled upon by the fiercest enemy of mankind. A miracle—yes, a miracle only could have saved Brazil and the miracle took place. It emerged from the very roots of Brazilianism, from the vital fibre of the young Brazilian Nation. Brazilian officials, having the welfare of their country at heart, sounded the alarm. A wide aggressive campaign was soon mapped out and rapidly set on foot. New departments were created, technical men in farming, agriculture and cattle breeding were summoned and entrusted with what seemed to be a superhuman job. Failure in carrying out the wise policy of the Government would have spelled disaster to the Brazilian Nation—success would have meant material help to the Allies and unbound prosperity for Brazil. There was no other alternative for the Brazilians but to succeed. In less than one year the "two-product" country, the coffee and rubber land "par excellence" developed like magic into a magnificently

rich country of cereals such as rice, mandioca, black beans, etc. The production of sugar cane, cotton, herve-matte, cocoa, tobacco, hides and wool also received a vigorous impulse and the results proved most gratifying, exports of all these products having increased manifold during the last two years, as you can readily see by recent statistics.

The exploitation of timber, another big resource of Brazil, was likewise promoted and a beautiful income derived from the timber trade. Brazil possesses unquestionably the wealthiest forests of precious timber in the world. Not anywhere can be found a harder and finer wood for general construction and ship-building, for highgrade furniture, etc. Gold, iron, coal, manganese, all sorts of precious stones, are also to be found in Brazil and the exploitation of these valuable minerals is being actively pushed, good returns being already apparent. Medicinal plants in great variety also constitute another source of wealth still lying idle in the exuberant Brazilian forests bathed by the Amazon and the Parana Rivers and their tributaries.

Yet, of all the recent achievements of Brazil as a result of the Great War, the meat industry is one of which they feel most justly proud. The possibilities in this new field have not been overlooked in this country. Armour and Company, Swift and Company and other Chicago Packing Houses are already established in Rio de Janeiro, S. Paulo and Rio Grande. Their hams prepared and packed according to American improved methods are favorably looked upon by the Brazilian public and they are gradually replacing the famous English York hams which sell at a higher price owing to import duty.

The Honorable William C. Redfield, Secretary of Commerce, expressed some surprise the other day, when addressing this conference, at the fact that the South American markets do not seem to consume enough of some of our goods which are "cheap and palatable." I presume he referred to canned meats or canned fruits. The duties for both in Brazil are comparatively high and the reason will be easily explained by the fact that canned meats are now manufactured on a fairly large scale in Southern Brazil and a large variety of fruit preserves all over the Country. We should not, however, forget that we enjoy a preferential rate of duty on many articles. American flour is allowed a reduction of 30 per cent and the following goods enjoy a reduction of 20 per cent: Typewriters, scales, ice boxes, cement, corsets, dried fruits, condensed milk, rubber sundries, school furniture, windmills, pianos, watches, office desks, paints and varnishes.

More items could be added from time to time to the above list by making mutual concessions. The matter requires close study and consideration on both sides.

The rough sketch I have just laid before you regarding such Brazilian resources now being exploited with wonderful success and many other resources still undeveloped, the wonderful result attained during the last two years by our sturdy Brazilian friends with no other means but their own, are sufficiently eloquent facts which speak for themselves. If I may express my opinion, as an American, based on twelve years' experience of Brazil and the Brazilians, I would say that I know of no better country than Brazil for the investment of American capital.

That the Brazilians are true friends of ours nobody will question, their friendly relations with the United States can be traced as far back as the Empire. Brazil's Chancellor, the late Barao do Rio Branco is credited with saying that the reason for the perfect understanding that existed at all times between the United States and Brazil lies in the fact that they are the only two countries in the American Continent that speak a different language. If this statement were true, it would be but a humorous way of his asserting once more Brazil's traditional friendship towards the United States.

The adoption of our Thanksgiving Day and our Fourth of July as legal Brazilian Holidays and the high significance attached to such an act would suffice to dispel any doubts in the most obdurate mind as to the extent and the sincerity of the feelings of the Brazilian Nation toward America.

Under such auspices, dealing with Brazilians ought to be a pleasure. It is so with me and with hundreds of Americans doing a thriving business in Brazil. Mutual esteem and confidence preside over our deals. We know exactly what the Brazilian requirements are and have no trouble in meeting them. We give ample credit to our customers and extend to them terms consistent with prices. The Brazilian merchant of today, I mean the good and reliable merchant worthy of our attention does no longer expect the old German terms of six, nine and twelve months and he in turn has discontinued similar facilities to his out-of-town

customers. Thus the question of terms was automatically adjusted. The Brazilian merchant is prepared to deal on the basis of a hundred and twenty days and in fact has been doing business on that basis for a number of years. This statement of mine can be easily vouched for by all commission and export houses in this country and in England and France as well.

What may have irritated most the Brazilians and even some of us Americans established abroad, is the unwarranted attitude of a few American manufacturers—doubtless war mushrooms—who exacted cash with order and often withheld for several months the cash received in advance alleging inability to fill order promptly owing to war restrictions. Such are, however, anomalies, bitter fruit of the great war, likely to never occur again. The Brazilians who were the first to side with us in the deadly struggle and who threw in their lot with us prior to a formal declaration of war to Germany, are broadminded enough to understand the situation and I may assure you that it will be through no fault of theirs that we will lose the valuable trade that we have brought home in the last four years. It will be up to the American manufacturer to deliver the goods exactly as they are wanted, rather than indulge in idle advice as to what he deems our Brazilian friends should want. If he means to cover the Brazilian market he should do so with the firm and honest intention of sticking to it permanently and cease to regard it as a nice "fill in" for the dull season.

I would strongly recommend catalogues, price lists and correspondence in Portuguese, the official language of Brazil, and not in English or Spanish as is often the case. Brazilians are justly entitled to such a deference and their trade with us is already valuable enough to warrant the printing of catalogues in Portuguese. I would also suggest to some manufacturers to discontinue that obsolete system of discounts consisting of something like this: 50-15-10 and 5 per cent.—20-30-5-10 and 3 per cent. Get the trade used to net prices for time and cash payment. These little details, trifling as they may seem, deserve serious attention on the part of manufacturers. Nothing is any too big or any too small if the business structure that we are about to erect is to be solid and of long duration.

Manufacturers of specialties requiring detail, publicity and propaganda work must be prepared to make liberal allowances for such important a factor in their business. While they spend freely in this country in advertising their wares they generally expect their agents in foreign lands to perform wonders with insignificant amounts. The practice of working up the 'ads' at this end in the language of the country for which they are intended should also be discontinued. The man on the spot is in a far better position to decide in such matters.

Last, but not least, manufacturers must not attempt to enter the Brazilian market without first causing their trade marks to be registered. The laws governing trade marks in Brazil are somewhat different from ours and many a sad and costly experience will be avoided by complying with such laws. In this connection I will strongly recommend Mr. Richard P. Momsen, the only American Attorney in Brazil, Ex-American Consul in Rio and fully conversant with registration laws in that country.

Before closing, I am afraid I have gone much further than anticipated, let me say two words to you in behalf of the American Chamber of Commerce for Brazil, of which I am a member, and delegate to this Conference. Born in the middle of 1916, under the auspices of the American Ambassador to Brazil, the Honorable Edwin V. Morgan and the late American Consul in Rio de Janeiro, Mr. A. L. Moreau Gottschalk, the American Chamber of Commerce for Brazil has proven quite an important factor in the promotion of trade relations between the United States and Brazil. However, owing to its limited number of members, its resources have fallen way below the requirements of the big job it has undertaken. The Brazilian American Trade Review, which is the Official organ of the Chamber, will surely be read with keen interest by all those who already have, or contemplate having trade connections with Brazil. The subscription price per year is \$5.00. It would be most advisable that manufacturers in this country in some way or other connected with Brazil should become members of the American Chamber of Commerce for Brazil, located at the beautiful Capital of Rio de Janeiro. The benefits to be derived from membership of that institution are obvious and hardly need any comments on my part.

It will give me much pleasure to furnish further information to interested parties in regard to our Chamber. I am likewise at the disposal of the members of this conference for whatever information they may require in regard to great, fascinating Brazil; agricultural, industrial and commercial.

THE LAND OF OPPORTUNITY

BY J. DE SIQUEIRA COUTINHO, C. E., SC.D., OF PAN AMERICAN UNION STAFF.

To properly discuss the opportunities of the Republic of Brazil, with its great natural wealth and excellent and varied climates, free today from so-called tropical diseases, and containing vast areas of exceedingly fertile lands, easily reached by vessels from both the Old and the New World, it would be necessary to write a book of no mean proportions, instead of a brief paper, as this must necessarily be, for presentation to the consideration of a commercial conference.

At the present time the United States enjoys a large part of Brazilian trade, inasmuch as nearly 40 per cent of the foreign commerce of that country is carried on with the United States. There are two ways of augmenting this trade: First, by cooperating with Brazilians in the exploitation of the national resources of the Republic, increasing thereby the wealth of the nation and enabling the ability of her people to consume merchandise to grow in direct proportion to the amount of her national exports. With an increase of United States enterprise in Brazil and the employment of North American capital and methods, as well as Brazilian labor and natural resources, all new trade arising therefrom will be diverted to the United States, and because of the new and improved facilities which will be offered, a considerable part of the old trade with other countries will probably be directed to the United States without the exertion of any special effort to obtain it. Second, by competing with other nations engaged in trade with Brazil, and by offering importers and others better advantages and greater facilities in order to secure their patronage. Bearing this in mind, it will be necessary, therefore, for United States exporters to prepare themselves for special competition in this new and promising field.

In order to obtain a clear and concise idea of the possibilities of Brazil and the vast field offered for United States enterprise, let us analyze the imports of that country, as compared with other Latin American countries, during the years 1900, 1910, 1913, 1916 and 1917.

| BRAZIL. | | | |
|------------|---------------|---------------|--------------------|
| Year. | Imports. | Exports. | Import per capita. |
| 1900..... | \$161,250,000 | \$212,620,000 | \$9.50 |
| 1910..... | 180,000,000 | 235,000,000 | 9.00 |
| 1913..... | 326,500,000 | 318,000,000 | 13.00 |
| 1916..... | 196,195,000 | 274,400,000 | 7.50 |
| 1917..... | 216,317,000 | 305,260,000 | 9.00 |
| URUGUAY. | | | |
| 1900..... | \$23,978,206 | \$29,442,205 | \$22.00 |
| 1910..... | 40,814,161 | 40,935,638 | 38.00 |
| 1913..... | 50,352,901 | 44,926,873 | 40.00 |
| 1916..... | 35,280,801 | 73,290,671 | 24.00 |
| 1917..... | 37,212,231 | 92,516,274 | 26.00 |
| ARGENTINA. | | | |
| 1900..... | \$101,348,068 | \$139,460,000 | \$22.40 |
| 1910..... | 335,178,656 | 358,268,000 | 55.00 |
| 1913..... | 408,711,966 | 468,999,410 | 55.00 |
| 1916..... | 210,887,042 | 527,045,463 | 26.50 |
| 1917..... | 178,933,037 | 533,664,948 | 21.00 |
| CUBA. | | | |
| 1900..... | \$70,079,214 | \$51,342,336 | \$44.30 |
| 1910..... | 103,466,000 | 114,039,000 | 50.00 |
| 1913..... | 135,810,000 | 165,208,000 | 56.00 |
| 1916..... | 201,024,000 | 336,801,000 | 78.00 |
| 1917..... | 261,377,000 | 357,040,000 | 104.00 |

In Cuba, where the greater part of the foreign commerce is with the United States, North American investments and enterprise made possible the rise in imports per capita from \$44.30 in 1900 to \$104.00 in 1917. If United States investments and enterprise were carried to Brazil on a large scale, in addition to handsome profits

to American capital, it would not be at all surprising to see in a couple of years the imports of that country per capita rise from \$9.00 to \$30.00, or more than three times what they now are. This means that Brazil could import from the United States merchandise aggregating a value of over half a billion dollars, or as much as all the other republics of Latin America combined and more than double that of the other South American countries.

It is my object to call your attention to this particular fact, and I shall be very glad to assist anyone in his studies, through the Pan American Union, in realizing the tremendous opportunities Brazil offers to the efforts and capital of responsible people.

Brazil, as is true of many other countries of South America, is in urgent need of better transportation facilities, and I call your attention to the extraordinary river system of that Republic, where over 100,000 miles of fluvial waterways can be utilized for transportation purposes. As soon as a regular service of river boats is established on Brazilian streams new activities will spring up along their banks, where now but little or no cultivation exists for the reason that settlers have no facilities for exporting their products. As a complement to river navigation it is most important that a system of railroads be constructed.

The Brazilian Government has been most liberal in granting concessions for railroads, and railroads are excellent investments in Brazil. If Brazil were properly served by rail and river transportation facilities it could today, with its thirty million inhabitants, undoubtedly feed half the world.

The problem of transportation is a fundamental and difficult one. Nevertheless, Brazil will have the railroads she may need for its development, together with increased facilities for fluvial traffic. The burning question of the moment is to know who will undertake the task, whether it will be United States capitalists or capitalists of some other country. If United States interests are going to take the leading part in this work, undoubtedly the bulk of the new trade arising therefrom will go to the United States. Otherwise the share of our country in this prospective commerce will be more limited.

A detailed investigation of several Brazilian problems, which I had the opportunity to study as a professional man prior to the great war, gave me a much more vivid insight into the potentialities and possibilities of Brazil than that which the figures referred to in the foregoing conveyed to my mind. I am sorry that lack of space prevents me from stating in detail a mass of available information which would better illustrate this subject.

Referring especially to the trade possibilities of the Republic of Brazil there are several points which North American business interests should always keep in mind. The principal ones of these may be mentioned as follows:

1. That Brazil is doing its best to increase its commerce with the United States, and that a great number of articles of North American manufacture enjoy special reduction concessions in the import tariff and that these advantages have been exclusively conferred upon American products, thereby giving them a special point of advantage in comparison with similar merchandise offered by their competitors.

2. American manufactured products are generally of good quality, and when they are in accord with instructions given by customers they are well accepted in Brazil.

3. United States exporters should not fail to bear in mind that in order to handle an extensive trade with Brazil they must use as a medium of communication the Portuguese language and give weights and measures in the metric system. Furthermore, they should be careful in preparing consular documents covering exports to Brazil and should dispense with the unpopular custom of forwarding shipping documents attached to draft, sending same instead direct to the consignee.

4. United States exporters should endeavor to get better acquainted with their Brazilian customers, as well as their customs, commercial traditions, ways and business ethics resulting from the ethnic evolution of the people who have been living in that country for centuries, and who are not disposed to change their ways to conform to the interests of any other nation. The exporter should always try to meet the point of view of the customer and follow instructions concerning the minutest details of export orders.

5. United States exporters and manufacturers should occasionally visit Brazil personally and should always send to that country gentlemanly and proper equipped salesmen. A thorough acquaintance with the producing and consuming

markets will be of the greatest assistance in building up permanent and growing trade relations between the two countries.

After a firm is equipped with a competent personnel for trading with Brazil, in addition to catalogues and circulars in the Portuguese language, it should be willing to offer good terms and to do its best to capture Brazilian business. Even after all this is accomplished there are still a number of questions to be considered.

One of these is the quality of the goods preferred by Brazilian markets. Generally speaking, Brazilian customers prefer merchandise of a high grade, inasmuch as the Brazilian Government collects high tariff duties. The difference in price between high and low grade merchandise which at the factory amounts to, say 25 per cent, would be reduced on high grade goods, after coming into the possession of the retail dealer, to approximately 10 per cent or less on what he would have to pay on low grade merchandise, because both qualities of goods are subject to the payment of the same customs duties, freight charges, etc.

Another point to which the attention of United States exporters should be called is the way in which consular invoices are to be filled out to prevent the importer in Brazil from being liable to the payment of heavy fines. If the exporter makes false declarations as to the cost of the merchandise, freight and other expenses to Brazil, the importer will be fined in an amount equal to that of the invoice and the value fixed on the goods by the customs authorities. If the false declaration refers to the class, kind or weight, the importer is subject to fine. If the consignee in Brazil fails to produce the consular invoice he will be required to pay double duties.

Anyone contemplating going as a salesman to Brazil, or in doing business there, should have, in addition to a knowledge of the Portuguese language, a sincere desire to identify himself with the country and to fraternize and associate with those with whom he has to do business.

The customs and ways of the people of the United States are different from those of any other country, while Brazilian customs are entirely Latin and similar to those of European countries. In my travels in Brazil I found that the European salesmen easily identified themselves with Brazilians, and that those from the United States did not so readily adapt themselves to the new conditions, inasmuch as they seemed to conform with difficulty to the customs of the country. As soon as one tries to identify himself with Latin ideals of life, he will find that it is a delight to travel in Brazil. Brazilians are exceedingly courteous and they find their methods are more efficient at home than the same method of procedure would be if practiced in the United States. The same thing happens to North Americans when they go to Brazil, where, in their judgment, things seem to move slowly. I, myself, found things as easily managed in Brazil as in the United States. In both countries the efficiency is very great, although the methods are different.

The principal ports of Brazil are served by excellent steamers of the Lloyd Brasileiro and Companhia Costeira. There are weekly sailings from most of the ports, and between the several ports one may find even a daily service. In the south of Brazil railroads, which are generally good, may be used. Traveling on Brazilian ships is very comfortable. The service is generally excellent. The officers are kind, the stewards attentive, and the meals, served Brazilian style, are elaborate and good. The bar is good and is generally too liberally patronized by American and British travelers. Any intelligent salesman can get a great deal of useful information from the captain and officers of Brazilian vessels who are glad to avoid frivolous talk and to discuss useful problems.

In the cities American travelers will always find great assistance in the Chambers of Commerce, American consulates and in the proper bureaus of Government departments. In all the large towns, such as Manaus, Belem (Pará), Pernambuco, Bahia, Rio de Janeiro, Belo Horizonte, Santos, São Paulo, and Porto Alegre, the traveler will find excellent hotels at moderate rates. Everywhere the American plan is in vogue, and the prices vary from \$3 to \$5 per day. The conveniences in these hotels are the same as those obtaining in Europe, and the meals are good but somewhat elaborate.

Automobiles give excellent service and the charges are very reasonable. All important towns, and many of the smaller ones, have a good electric car service. Telephones are available everywhere and no charge is made for their use.

The average expense for traveling in Brazil, including the best hotels and first class accommodations on the best boats and railroads should not exceed \$10 a day for a person of moderate habits.

Entertainments in Brazil are of a different kind from those in the United States. Receptions and dances are not so frequent, nor are big dinner parties so often indulged in. There is much more home life than in the United States. Theatres, movies and concerts are found everywhere, and entrance charges are very reasonable. A couple of hours spent in the late afternoon or evening in coffee houses are of frequent occurrence. This observation also applies to rooms of literary clubs.

Life in Brazil is very democratic and great respect is shown to the intellectual classes who are exceptionally well informed on modern world problems. Anyone who has had experience in visiting foreign countries will find, I am sure, that traveling in Brazil is not only comfortable and enjoyable, but is also profitable and educative not only to the business man but likewise to the tourist.

CHILE

TRADE AND INDUSTRIAL DEVELOPMENT

BY SEÑOR ERNESTO MONTENEGRO, REPRESENTATIVE OF "EL MERCURIO," OF
SANTIAGO AND VALPARAISO.

(Read at the Morning Session of Tuesday, June 3)

It seems to me that there are in the movements for a closer relationship between the Americas, two forces coming to meet half-way. This two interests are different in origin, but they should be blended in a common purpose, if we want a permanent result. The United States wants a share of the Latin American trade, which should have proportional relation to its present productive capacity; and the Latin American countries wish to find an helpful hand to develop their resources.

Both aspirations are, no doubt, perfectly right, but they will come to a conflict unless the part of selfishness embodied in them is taken away, to leave only what can further the ideal of continental solidarity, without making the other party feel as if she has not received her share of the common wealth.

It is generally known that the South American countries rank among the richest in the world—they are in fact the reserve of the future. Shall they keep their fortune intact for other generations to exploit it for their own exclusive benefit, or shall those riches of nature be open to the world until they make up for the present famine? The answer is obvious, and the Latin American countries are now willing as before to contribute with their wealth to the restoration of a general state of prosperity.

Take Chile, for instance. My countrymen of two generations back, discovered and began the exploitation of the world's best fertilizer, the nitrate, and the same race of hardy people keeps flowing out today that same stream of nitrate that goes to give new life to the European soil and to the soil of these States. We are glad of being in a position to contribute to the welfare of the world; and what do we ask in exchange?

We want our natural resources developed to the utmost, so as to benefit the largest portion of the human race; but, at the same time, we are perfectly conscious of our duty to our own people, who cannot be denied the right to benefit from their own inheritance. We welcome the tradesmen of foreign countries, but naturally we earnestly deserve to pursue the purpose: that every manufacturer that can be established in our soil shall find there its home, so as to increase the comfort and happiness of our people. Can anyone blame us for that?

No intelligent man, I think. For, in ultimate result, it is a well acknowledged economic fact that trade between nations must be founded upon the prosperity of the buyer as well as that of the seller, and since you cannot draw constantly from a pocket without replenishing it every once in a while, neither can you exploit a country without creating on the spot some sort of normal, steady wealth.

If you want me to speak frankly to the last, I think that is the reason why I am not afraid of the Japanese succeeding in large business in our country. Their ways are too restricted, they live too much for themselves wherever they go, and their fortune, their family and all will go back some day to their native land, without leaving a single general benefit there where they made their money. We believe in other kind of commercial intercourse, and we have welcomed every foreigner who has been willing to live with us in equal footing, learning our language, respecting our laws and contributing to our common duties. We believe that this is the only fair commercial intercourse, and the prosperity and satisfaction of thousands of foreign merchants throughout prove that they found their reward for their righteousness.

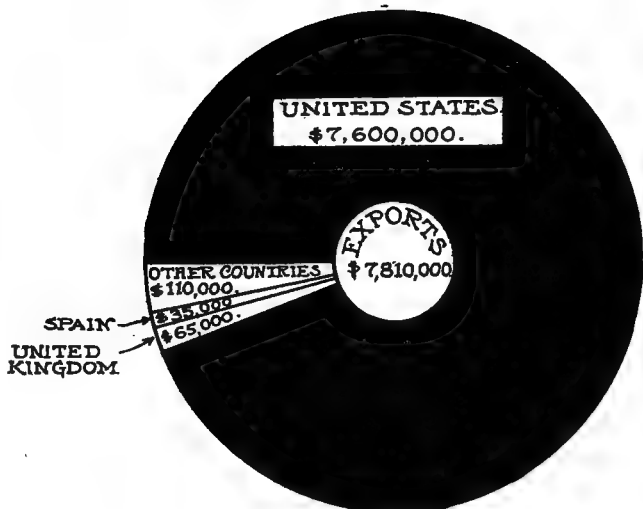
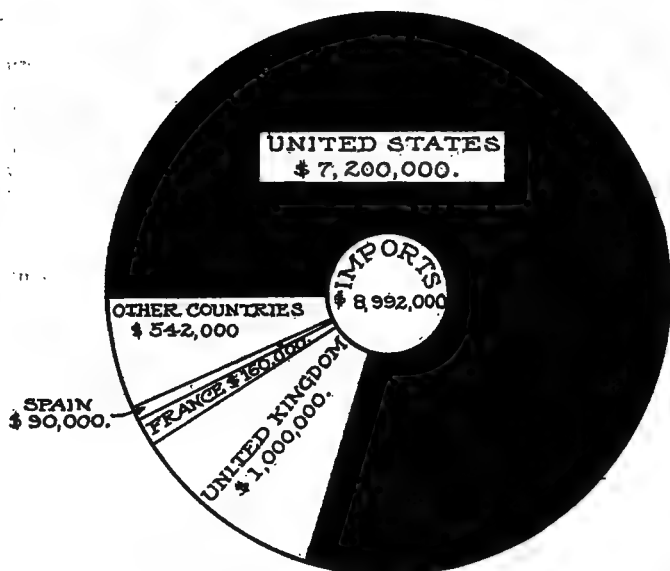
Now, here comes the United States, with boundless resources and sharp-looking armies of tradesmen. They shall win their trade conquest, I am confident, if the rearguard is one of capital and industry ready to promote riches in our country for their business men to harvest their portion of the general prosperity.

As I look into the future, I see the swarm of your merchant fleet steaming heavily toward the southern ports, and up on the decks, the mechanic, the engineer, the chemist, the professor, and the captain of industry, everyone carried toward South America by a purpose as beneficial to his mother country as to the

GUATEMALA

FOREIGN COMMERCE 1917

TOTAL \$ 16,802,000.



new republic of the south. As far as Chile goes, I can assure you they will be heartily welcomed, and they will find there the metals, the woods, the leather and the wool, the coal and the waterfalls, to build up centers of permanent prosperity, which in their turn will increase the demand for American products. Our city services, our roads and railroads, our foundries and factories, are already benefiting by the help of American implements and methods. Let the progressive men of both races exchange freely; let the ideas, good will and appreciation interchange among them; let our public men have the opportunity for studying at close view the neighbor countries; let your press extend the courtesy of its comment to every important subject or person dear to Latin American nations, and the prejudices and misunderstandings of the past will find no ground for the future harvest of conflict.

CHILEAN FINANCES

BY SEÑOR DON AUGUSTO VILLANUEVA, PRESIDENT OF THE BANCO NACIONAL DE CHILE,
MEMBER OF THE CHILEAN SPECIAL MISSION IN THE UNITED STATES.

(Read at the Morning Session of Thursday, June 5)

Gentlemen:—A Committee of the Pan American Union has honored me by requesting that I read a paper on financial matters before the Second Pan American Commercial Conference that is held here today, and although I feel that a difficult task is imposed upon me as I cannot pretend to produce anything that may be new to this distinguished audience, I beg, nevertheless, to explain briefly, as a slight contribution to the study of the serious problems involved in the monetary circulation, what the experience of Chile has been in regard to our purpose of diminishing or attenuating, partially at least, the very serious inconveniences pertaining to inconvertible paper currency, which in Chile have been of such a nature as to substantially disturb the normal development of business for many years.

Before 1878 the monetary circulation in my country was based on the bi-metallic system, but, since 1873, the depreciation of silver together with internal commercial difficulties determined the flight of gold, considerably impairing the metallic banking reserves. According to the principles of bi-metalism, silver, under the circumstances, might have substituted gold for the legal payment of obligations, but the imperfect conditions of silver for the daily transactions induced people to use in preference bank notes, which under the legislation of that time were issued with almost absolute liberty, and which were much more easily handled than the cumbersome and heavy silver coins. In this manner the practical elimination of all metallic currency was produced followed by a banking crisis which determined, in favor of the banks a temporary concession of the inconvertibility of their notes.

The law in accordance with which the inconvertibility was authorized contained the necessary provisions for the repayment of the notes in specie within a reasonable term, but only a few months had passed when the country was unexpectedly drawn into a war with two neighboring republics, a conflict which she had not provoked and for which she was not prepared.

Under the urgent necessity of obtaining immediate resources for the prosecution of this war, the Government felt the necessity not only to decree the postponement of the resumption of the specie payments of the outstanding bank notes but even to make a new issue of fiscal notes, which, at first were emitted only in small amounts, but which, as it is the regular course in these matters, went gradually increasing while their market value decreased.

The only Civil War in the history of Chile since her independence, broke out in 1891 depriving the Government in Santiago, from the very first moment of the struggle, of its principal sources of income which had passed into the hands of the opposing party while at the same time it was compelled to increase enormously its military expenditures. New issues of notes were unavoidable, and although the credit of Chile in Europe remained unimpaired, thanks to the patriotic effort of both contending parties who without previous arrangements between themselves did all that was necessary to maintain the prompt service of our foreign debt during the war, and notwithstanding that

a metallic reserve had already been accumulated for the payment of the notes, these suffered violent fluctuations in their value and subsequently our currency depreciated as never before.

As soon as our internal conflict came to an end the new Government proceeded promptly to effect the metallic conversion which was considered a national ideal in spite of the enormous resistance of inflationists who opposed it in Chile as previously they had opposed it in the United States and who will resist it wherever great interests have been created in favor of the depreciation of money and consequently of the debts that have been contracted with it.

As a compromise between the different prevailing tendencies in Congress, the conversion and payment of the notes was finally brought about in 1895 at the rate of 18 d. per peso, which was at that time the approximate gold value of the original silver peso in which the State was obliged to redeem its issue.

The metallic system thus reestablished on the gold basis, only lasted three years, and during that time was assailed constantly by inflationists, who, in 1898, finally succeeded in overthrowing, taking advantage of and even instigating the panic in the mark which arose from an impending rupture of the friendly relations between Chile and the Argentine Republic. This conflict was soon favorably solved but the evil caused by the country reverting again to the system of inconvertible paper currency, had already been accomplished, greatly emphasizing its characteristic defects, amongst which the main ones are it perpetually oscillating value and its lack of elasticity.

The amount of inconvertible paper currency issued in a country is ordinarily decided upon, in accordance with the more or less arbitrary or capricious judgment prevailing in the Government or Congress that authorize such issues, to appreciate the amounts actually required, but such judgment is rarely formed on the basis of reliable information as to the exact requirements of the moment; and even if such were not the case, it is impossible to ascertain the actual needs of circulation, because there is no standard measure for such requirements which vary day by day so that today's surplus may be tomorrow's deficit.

When there is an excess of the circulating medium it naturally tends to inflate credit and stimulate the consumption of foreign products, which is particularly the case in countries like Chile which depend largely on imports from abroad which increase the payments due to European or American markets with the subsequent depression in exchange. On the contrary, if on account of the reduced buying power of money or through other accidental circumstances of industrial, agricultural or simply commercial character this currency is more extensively distributed throughout the country at the expense of the banking reserves or even if by some unjustified fear the bank's deposits be withdrawn in abnormal quantities, the result of such contractions of the circulating medium is subject to cause serious disturbances in the business of the country which all Governments must try to prevent. Now the easiest remedy has always been to resort to the launching of new issues which come forth with the same dangerous results as the previous ones. Thus the lack of elasticity of paper currency and its inability to adapt itself automatically to the real necessities of the market becomes the principal element or factor of the increasing depreciation of the currency. This factor is such an important one that even in countries where the circulation is on a sound metallic basis as was the case in 1907 in the U. S. A., disturbances have taken place, which were only radically suppressed after long and conscientious study and by the establishment of the Federal Reserve Bank.

In Chile, where the unlimited circulation of inconvertible paper currency has prevailed for many years, where the establishment of a bank on the order of that of the Federal Reserve, has been impaired by the fear that if a State Bank should cede to certain conditions of the country, it might degenerate into an influential institution governed by political tendencies or by politicians who are not always above reproach, and in view of the fact that the fiscal issues of 1898, which amounted to only 50,000,000 pesos, without any apparent scarcity had risen in 1912 to 150,000,000, it became necessary to find some other solution and the Government and Congress finally authorized the establishment of an organization intended to regulate the circulating medium, such as several years before had been proposed by the Banco de Chile.

The characteristic conditions of that institution, known by the name of "Caja de Emisión" (Bureau of Issue), are:

1st. The ability to increase or diminish the amount of circulation according to the countries' actual requirements, as estimated by the only ones who are in a position to know them—the banks, which are the intermediary of all business.

2nd. The amounts emitted by the Caja are to be fully guaranteed by their equivalent value in metallic gold but subject to being withdrawn by the banks which have issued them.

3rd. That these issues should be costly in order that banks may not abuse by converting into sources of profit, since they are intended only for the purpose of giving elasticity and must be withdrawn as soon as the particular circumstances which caused their issue, have disappeared. At the same time they must not be so expensive as to be prohibitive.

With these ideas in view, the Caja de Emisión issues fiscal notes and delivers them to such banks of the country as require them, provided their requirements are not in excess of their paid-up capital and that a deposit is made with the Caja itself in Chile or with London or New York Banks designated by the Government, of gold coins at a rate not exceeding 18 d. per peso nor less than 12 d., but always at a higher rate than the actual market value of the currency, and a security or guaranty is given to cover the surplus value of the currency in case of a higher exchange.

As these transactions should leave no margin of profit and as the banks know that their stability depends on the regular operations of the Caja de Emisión, the development of this institution has been eminently successful, and it is only during the last few months of the Great War, when banks were not allowed to dispose of the gold they held in London and New York, that it became necessary for this institution to temporarily relax somewhat the rigidity of its regulations.

The advantages obtained by the country through this Bureau have been remarkable and several crises have been successfully avoided from their very birth which, before 1912 would only have been saved by an additional issue of inconvertible paper currency. Thus, for example, in August, 1914, the panic caused by the war compelled the bankers to launch an extraordinary issue of 65,000,000 pesos, and in October, 1915, this amount was already reduced to 10,000,000 without causing any abnormal result. This system allows the development of business with a reduced amount of currency; and the banks work to the general advantage with a maximum of their resources. It does not seem excessive that a country like Chile, with a population of over 4,000,000 and whose foreign trade has reached in imports and exports 400,000,000 American dollars, with an even larger domestic trade, its circulating medium should be less than \$10 per capita. The Chilean banks, with 500 million pesos of deposits, work safely with only 75 millions cash, because they rely on their gold reserve, which allows them to increase their working reserves when necessary.

Unfortunately it is not sufficient that the circulating medium has the necessary elasticity to make it sound, as it is essential that it should also have a practically fixed value such as that of metallic gold, and in order to attain this end, there is no other way than to make it convertible in gold. The Caja de Emisión (the Bureau of Issue) at present does not fulfill this condition, but it prepares the country to reassume with more confidence the convertibility under the plan which so warmly and scientifically was supported by the late well-known economist, Mr. Connant; that is, on the basis of the gold exchange standard, which is chiefly applicable to such countries as Chile, which far-distant from the great markets of the world and where, consequently, the mechanism of the rate of discount does not work as promptly or efficiently as is essential in order to regulate the monetary inflow and outflow to a country whose metallic reserves have lost their normal level.

The gold exchange standard, while maintaining directly the international value of the currency, also maintains indirectly its internal value. It saves the use of currency and discourages the sterile hoarding of gold by individuals; it concentrates that existing in banking institutions, where it obtains its real regulating value and saves unnecessary expenses of remittance for the payment of international balances, which is one of the main objects keenly studied by the High Pan American International Committee. The Chilean Caja de Emisión is only a partial application, it is true, but nevertheless it is a convenient one, of these principles, and it is for these reasons that I have ventured to explain its mechanism to this distinguished gathering.

NOTES ON CHILEAN HARBORS AND TRANSPORTATION FACILITIES

BY SEÑOR ENRIQUE L. BUNSTER, DELEGATE FROM CHILE.

The organization and development of her port and harbor facilities stands out preeminently as one of the most important among the many problems that Chile has to face in her desire to take that place in the work of reconstruction which is now going on all over the world to which her enormous natural resources, her magnificent climate, and the character and spirit of her people give her an undoubted right.

Owing to circumstances which prevailed while the greater part of that Continent was still in the hands of Spain and in the early days of the several countries into which it was divided at the beginning of the XIX Century, the proximity to populated districts was often considered of more importance when a port was to be established on any part of the South American Coast than the numerous other factors which today are considered indispensable in a Modern port.

Lately, created interests also have had a great influence in the selection of harbour sites. As a direct consequence of these circumstances we find that many South American ports are situated on what is nothing more nor less than the open roadstead, instead of occupying the naturally protected bays and harbours which are found on the coast.

Speaking particularly about Chile, we find there another circumstance which makes the complexity of this problem greater still; we refer to the physical formation of the South Pacific Coast. All along the Chilean Seaboard the ocean is very deep at a relatively short distance from the shore and the sea bottom is often of a treacherous nature, all of which tends to make any kind of construction work both a difficult and an expensive task. In the southern part of the country the largest vessels can steam through the canals of the Shiloe Archipelago at less than a stones throw from the beach, and in many places the luxuriant vegetation which covers the steep banks of the Chilean Fjords often gets entangled with the rigging of the ships as they pass by.

Notwithstanding these difficulties the Chilean Government has recognized the importance which the solution of this problem has for the welfare of the country, and is spending at the present moment several millions of dollars in the improvement of the three principal ports of that country, and has completed the surveys and estimates for the harbour works of twelve or thirteen others.

Work was begun some time ago in the bays of Valparaiso and San Antonio, and the contract for the improvements in Antofagasta, the principal nitrate shipping port on the coast, has recently been signed and work is to begin there shortly.

Among the other ports where harbour improvements will be undertaken in the near future we may mention Arica, Quinteros, Constitucion, and Lebu as the most important, the first named being especially interesting as it is the starting point of the Arica (Chile)-La Paz (Bolivia) international railroad, and the last one because it will open up one of the most extensive coal fields in Chile, and will one day be the Pacific terminus of a very important transcontinental and international railroad: Lebu (Chile)-Bahia Blanca (Argentine Republic).

Apart from the improvements in the harbours themselves the Chilean Government is at present studying also the practicability and prospective location of one or two completely equipped floating dry docks capable of handling vessels up to 10,000 tons. A law sanctioning this project has recently been passed by the Chilean Senate.

Although the improvements of the Chilean ports has occupied the most prominent position in the program of prospective public works which that Government has lately developed, it may be well to mention also that surveys and estimates are being prepared with reference to the navigability of some of the Chilean rivers. The results obtained so far allow us to believe that this is very feasible and that it will be an easy matter to establish fluvial navigation in that country. This would constitute a big step towards cheapening the transportation costs on produce and raw materials from the interior to the coast.

The completion of the Chilean Central Railway System, with the modernization of the present equipment, the electrification of the first or Santiago-Valparaiso R. R. Section, and the increase of the double track mileage, has also been studied, and the transformation scheme, which is to cover a period of nine years, is to be started almost immediately.

COMMERCIAL AND INDUSTRIAL EDUCATION IN CHILE

BY SEÑOR FELIX NIETO DEL RIO, CHILEAN INFORMATION SERVICE, NEW YORK

In Chile, as in all Latin American countries, commerce, until recently, did not constitute a profession. It was rather an occupation learned in the traditional practice of small businesses. During the seventeenth and eighteenth century business was in the hands of individuals who did not belong to the aristocracy, and who had come to Chile seeking their fortune, when the work of conquest allowed sufficient peace and tranquillity for the pursuit of commercial activities. In those times direct exchange of commodities was the rule, on account of the scarcity of money.

As the aristocracy devoted itself preferably to agriculture, which led to dominion and wealth, those who in the centuries referred to and in the beginning of the nineteenth century, made fortunes in business, founded families which hold today a most influential social standing. Many of those fortunes were built up from the trade in drygoods, household utensils, and all articles of consumption. These in time allied themselves with agriculture, dispossessing little by little the nobility from their lands, or mixing with it through intermarriage. It may be said that the dominant element in Chile today is composed of the descendants of those who were originally tradesmen—and sometimes even smugglers—and not from the genuine descendants of the conquistadores or land owners.

But even as recently as twenty years ago, it was still considered improper for the young men of well-to-do families to devote themselves to trade, which had been relegated to foreign hands. Then began the sub-division of her agricultural estates, the mania for holding Government positions, the abuse of the liberal professions, the exploitation of mines, and above all, the affluence of English, French and German merchants.

The Chilean native, claiming any sort of pedigree, looked upon the commercial professional with disdain and characterized it with names of contempt, such as, "despachero" or "tendero." The clerks of the large commercial houses, and the storekeepers were generally foreigners and they are yet. English, French, Spanish, Italians and a few North Americans, are in the wholesale houses, and Spanish or Italians in the retail business.

Only what is called commercial brokerage, that is to say, the commission business, the role of middle-man in certain transactions, was taken up by Chileans on account of the facilities afforded by speculation for making money quickly, a tendency which is very common in our Latin American race, which in itself is little persevering by nature and fond of quick success.

The general development of the country has been remarkable within the last few years, and the tenacious campaign undertaken by some intelligent men finally succeeded in awakening in Chile an interest for the commercial profession, and eliminating the nonsensical prejudice that there was against it among the well-to-do classes. The Government realizing the vital importance of preparing men specially for trade, organized educational commercial institutions which are doing a great deal of good for the country, even though they have not as yet reached the highest degree of perfection. These institutions, both private and official, together with the industrial institutions, have swept away from Chile the antiquated ideas as to the manner of enriching the country, and thanks to them the rapid denationalization of industries, which was becoming aggravated, ceased to be a serious problem. The young men of today, who deviated from the ancestral routine, are in Chile a live force whose influence is beginning to be felt in every walk of life, especially in the activities which we call practical.

The Press has carried on formidable campaigns, not against the literary or purely cultural education, but against its inconsiderate abuse which gives as an immediate result a plague of "intellectual proletariat," that mass of bachelor of arts, of science, engineers, lawyers, physicians, etc., which in Chile, as in France, has sapped the energy of youth. The aim has been to inject the new element into the new life of modern activities and to prevent those new elements from being wasted in unproductive professions, and in Government positions without future.

What might be called the re-education of the youth is the work of the commercial and industrial institute in Chile.

In 1917, the Government provided for this kind of education, about 1,000,000 pesos (gold) in a general budget for public instruction of 22,000,000 pesos gold.

Here I shall confine myself to giving a few data about some of the institutions, both industrial and commercial.

There are in Chile the following establishments of industrial instruction, with the number of students for each in 1917:

| | |
|-------------------------------------|-------|
| Agricultural Institute | 183 |
| Mining School | 177 |
| Arts and Crafts School..... | 450 |
| Manual Arts School for Girls..... | 4,826 |
| Practical Agricultural School | 305 |
| Manual Training School | 1,428 |

There is besides in Valparaiso, a new industrial university in regard to which I do not have any data.

In Santiago and other cities of the country, there are several industrial schools supported by private funds, for instance, the work shops of San Vicente de Paul for practical and free instruction which is given to over three hundred poor children.

Though Chile is a mining country we lack a number of schools of that industry. The only one in Chile is the School of Mining in Santiago. The course on nitrate industry is given in the University of Chile and is for post-graduates, and has a wide reputation.

The Catholic University maintains a very important and practical school of agriculture with experimental farms equipped with all modern improvements. This private university has also under advisement the establishment of a mining school and a school of industrial research.

In the Physical Institute, which is an excellent modern establishment, courses are given in the applied arts, and modern trades. The Sociedad de Fomento Fabril (Association for the promotion of manufacturers) supports several schools of this kind, one of the most important of which is the School of Ornamental Design. These institutions of industrial instruction are effecting a real transformation in the efficiency of the new generation, and from year to year the Government and private individuals are paying greater attention to this kind of study.

Commercial education and instruction is given in the Government commercial institutions. In 1917, they had a total registration of 3,002 students. The principal commercial institutions are located at Santiago, Valparaiso, Concepcion, Chillan, Talca, Antofagasta, Temuco and Valdivia, and equipped with all modern facilities and occupy buildings specially constructed for the purpose. The founders and directors have, as a rule, studied in the United States or in Europe, bringing to Chile the latest improvements and methods for commercial instruction.

In almost all cases, the methods followed are those of the United States because when this kind of instruction developed in Chile, commerce with the United States was just beginning to increase. Besides, every year there are sent from Chile to the United States a great number of graduates from these commercial institutes to perfect their knowledge, either in actual business practice, or in special schools. Special emphasis is given to the study of English, a very general language in the commercial world of Chile.

The most characteristic tendency in these commercial institutions of learning is that of inculcating in the students the high conception of what commerce is, of its lofty importance in the strengthening of individual and national relations, and of its fundamental significance for the progress of the country. On the other hand, the teaching of business ethics is a novelty in our countries. In Chile a special effort is made to imbue the students with the conviction that commerce must, above all, be moral, that is to say, based upon the principles of honesty. The aim is to obliterate that theory formulated by the philosopher who said that, "Commerce is theft."

The Chilean commercial institutions give free instruction without distinction of social classes. Their progress is remarkable. In nine years they have more than doubled their enrollment.

The profession of commerce is today in Chile a new career for our young men. The large foreign business houses employ almost exclusively Chilean clerks. Every graduate of a commercial institute may secure an important position with such houses, or with the banks and, of course, with Chilean firms.

Inasmuch as the State has not the exclusive rights to commercial diplomas, there are several private commercial institutions which grant the degree of public

accountant and manager, etc. There are already a great number of commercial school graduates who occupy high positions in importing and exporting firms, some of them being at the head of well-known houses.

It is a triumph for our country to have at last succeeded in generalizing the idea that the professions of commerce and industry are as noble as the liberal professions. It is a triumph, because in the countries conquered by Spain there remained throughout three centuries that fatal and antiquated prejudice against the dignity of these careers. This would be hard to understand, for the modern man of the United States, where, as in no other country, the dignity of labor is held on such a high plane.

And it should be acknowledged that the new spirit of Chile is due, in a large measure, to English and North American influences exerted over a race which possesses certain acquired qualities of push and assimilation.

COLOMBIA

COLOMBIA TRADE WITH THE UNITED STATES DURING THE WAR

BY SEÑOR FRANCISCO ESCOBAR, CONSUL GENERAL OF COLOMBIA IN NEW YORK.

(Read at the Afternoon Session of Tuesday, June 3)

There seem to be two different currents of opinion in the United States respecting the Spanish American trade. One is composed of those who believe that this country has conquered the field permanently. The other is formed by the doubting Thomases in commercial matters. The most prominent amongst the latter in Chile, amongst those which I have read, is A. A. Preciado, Director of the United States Government Committee on Public Information.

In an article written specially for The Sun and published in a recent issue, Mr. Preciado brings to bear on this question some forceful arguments to prove that Latin America is to be soon a scene of trade war. And I agree with him fully. Accepting that premise, it behooves the manufacturers, exporters and general business men of the United States in general to see that the ground gained in the last four years in their commercial relations with Spanish America be held firmly, nay, enlarged further.

Mr. Barrett has shown with official figures how wonderful was the increase in the volume of business done with Latin America during the late war. He has shown that the value of the exports to Latin America increased 1.57 per cent. from 1913-14 to 1917-18, or from \$280,000,000.00 to \$719,000,000.00. Also that the imports from those countries increased 1.19 per cent., or from \$468,000,000.00 in 1913-14 to \$1,024,000,000.00 in 1917-18. Individualizing his figures, he went on to show that the increment of trade between the United States and the two largest Republics (commercially speaking) was: Chile, 376 per cent.; Argentine, 240 per cent.; Cuba, 150 per cent.; Mexico, 88 per cent.; Brazil, 37 per cent.

In view of such wonderful results, some of you might come to the conclusion that your commercial position with Spanish America was perfectly secure and that no renewal and further endeavors are necessary to hold that trade position.

Says Mr. Barrett: "It is of importance that there should be a clearer understanding generally both in the United States and in Latin America about the status of Pan American commerce just before the war and of its development during the war. There should not be misleading ideas continually expressed based on convictions of many years ago. The facts should be faced as they are."

There are so many factors in the problem of trade increase during the war that it is most difficult to arrive at a definite conclusion as to causes. With your permission, I am going to analyze this increment of trade with the United States as it applies to Colombia, the country which I represent commercially. For this purpose I shall take the figures for 1913, the year previous to the declaration of war, and for 1916, the year before the United States entered as a belligerent. And since what really interests most of you is how much you sell to Colombia, I shall only take the imports.

| | |
|---|--------------|
| The United States sold to Colombia in 1913..... | \$ 7,612,000 |
| The United States sold to Colombia in 1916..... | 16,500,000 |

Increase 115 per cent..... \$8,888,000

The adjoining table shows that Colombia imported in 1913:

| | |
|--------------------|-------------|
| From Germany | \$4,012,100 |
| From France | 3,808,600 |
| From Italy | 176,100 |
| From Belgium | 499,000 |

Or a total of..... \$8,495,000

We see that the increment of value in the Colombian imports from the United States from 1913 to 1916 was \$8,870,500, and as it so happened that the

imports from the four countries named above were practically wiped out, it seems reasonable to conclude that what really took place was a substitution, or, i. e., that the gain of the United States was the actual loss of those four countries, due to war conditions.

What took place in other countries of Spanish America, I do not know and I would like to know. If a similar analysis could be applied as the one I have applied to Colombia imports, perhaps then the "facts to be faced" would show themselves in their true proportions and perspective.

My own opinion is that the Pan American trade has been going in the right direction as far as the United States is concerned; but that in order to hold what real gain there may result after discarding all factors which were not the result of your own systematic endeavors to gain and hold that trade, you must continue to prepare, and to work for the expansion of Pan American trade. You have the capital, the energy and the capacity of production; but you lack many other things which are required for the expansion of trade and the foment of friendly and lasting relations. There are commercial ways with Spanish America but all ways must converge into a wide road; into a policy of mutual help, forbearance and trust.

COLOMBIA IMPORTS.

| Origin | Year 1913 | Year 1916 | Increase | Decrease |
|---|--------------|--------------|--------------|--------------|
| United States | \$7,629,500 | \$16,500,000 | \$8,870,500 | ..... |
| United Kingdom | 5,837,400 | 7,500,000 | 1,662,600 | ..... |
| Spain ..... | ..... | 700,000 | 700,000 | ..... |
| France | 4,408,600 | 600,000 | ..... | \$3,808,600 |
| Germany | 4,012,100 | ..... | ..... | 4,012,100 |
| Italy | 726,100 | 550,000 | ..... | 176,100 |
| The Netherlands ..... | ..... | 250,000 | 250,000 | ..... |
| Dutch West Indies ..... | ..... | 150,000 | 150,000 | ..... |
| Belgium | 499,000 | ..... | ..... | 499,000 |
| Other Countries | 5,423,080 | 3,410,137 | ..... | 2,012,943 |
| Totals | \$28,535,780 | \$29,660,137 | \$11,633,100 | \$10,508,743 |
| | | \$28,535,780 | \$10,508,743 | |
| Difference | | \$1,124,357 | \$1,124,357 | |
| Increase of Imports from United States..... | | | | \$ 8,870,500 |
| Decrease of Imports from all other Countries..... | | | | 10,508,748 |

OPPORTUNITIES FOR TRADE AND INVESTMENT

By JOSÉ M. CORONADO, EXPERT ON SOUTH AMERICA, PAN AMERICAN UNION.

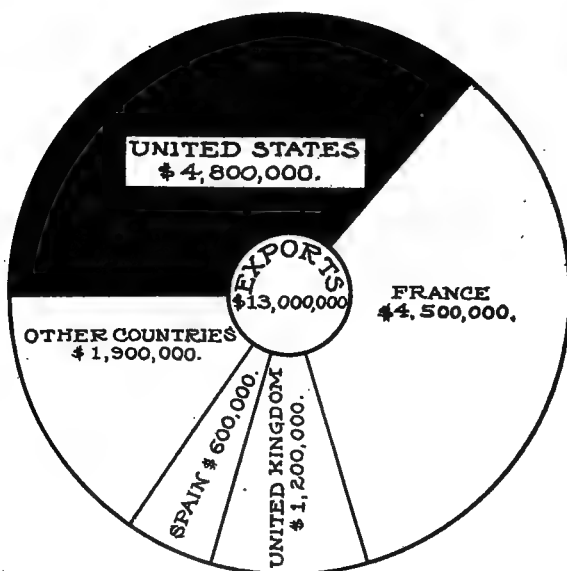
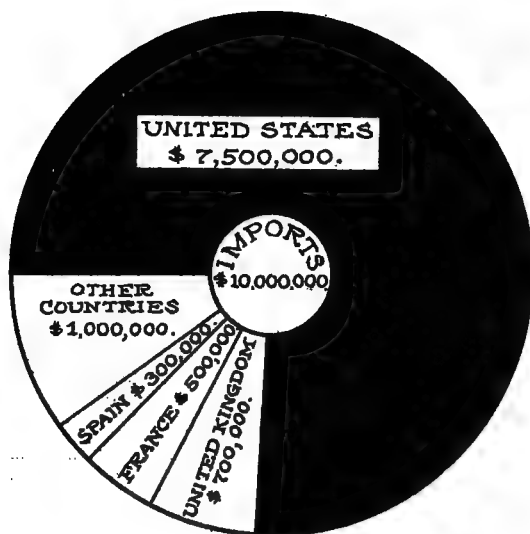
From observations I had an opportunity to make during a trip to Colombia toward the middle of 1918, as Special Delegate from the Pan American Union to the presidential inauguration in that Republic, and through investigations I conducted at that time of the advantages the country offers for agricultural, commercial and industrial development, I have arrived at the conclusion that no South American nation has greater possibilities of production, offers a wider field for colonization, or possesses a greater number of natural resources than Colombia, while owing to its proximity to the United States none presents more promising opportunities to capitalists, manufacturers and business men in the northern republic. To demonstrate the validity of my assertion I will give a brief sketch of several of these fields of activity in what I consider the order of their importance.

Colombia is a country endowed with practically all the elements that would make it one of the leading producing nations of the world, enjoying the best geographical location in the southern continent, with ports on both oceans, large navigable rivers, valuable deposits of precious stones and metals, great water-falls, and fertile land in various sections of the country, among other advantages. But it must be recognized as the *one* essential element for extracting the wealth of the country is lacking—capital—without which efficient methods of communication and

HAITI

FOREIGN COMMERCE 1917

TOTAL \$ 23,000,000.



transportation are impossible and hence without which the agricultural and mineral must lie untouched. It is axiomatic that so long as the centers of activity are separated by great distances without adequate railways, automobile highways and steamship routes, it never can prosper, and the world may never make use of its products. So the first step to be undertaken toward the development of Colombia is the building of railways, automobile highways and the establishment of aerial routes. The National Government, as well as that of some of the Departments, which are aware of this necessity, have lately appropriated a sum of money for the prolongation of certain railways and the construction of important roads. So herein lies a great opportunity for American contractors and engineers.

There is as yet no continuous railroad system within the Republic, because the peculiar geographical features of the country have rendered the construction of extended railroad lines a very expensive and difficult undertaking, there are, however, many short lines at present engaged chiefly in local traffic, which, when their plans are fully carried out, will connect the coast on both the Atlantic and Pacific sides with the centers of production. The length of railways now in operation in the Republic is 1,200 kilometers (745.6 miles).

Colombia has a fine system of waterways, the most important of which is the Magdalena, navigable by vessels of considerable draft for a distance of over 600 miles (966 kilometers) and by smaller craft 300 miles (483 kilometers) farther. The Atrato is navigable for 200 miles (322 kilometers) inland and the Sinu for 110 miles (177 kilometers). The Cauca, the Zulia, the Cesar, the Nechi, the Lebrija, the Sogamoso, and some of the smaller tributaries are also navigable for various distances.

Financiers and business men have also unsurpassed opportunities for business in Colombia. The establishment of banks, above all agricultural and hypothecek banks, which would facilitate agriculturists and manufacturers to develop their industries is a great need of the country. Banking has been very successful in recent years in Colombia, and already a number of reliable institutions are well established in the country; indeed, it may be stated that there is no city of importance in Colombia which lacks a bank. But the field is unlimited. It would be well to call attention to the fact that the country offers all possible guarantees, having passed triumphantly through all the crises inevitably attendant upon a nation after the proclamation of its independence, and peace is now definitely and firmly established throughout the land. The administrations of late years have been efficient and thoroughly successful in forming a stable political organization as a foundation for economic and financial development.

Commercial opportunities are tremendous. The present exports of Colombia comprise only such as because of their high value in foreign markets may be profitably transported and such as may be shipped easily, being produced near the points of embarkation. Those include the following, which may be largely increased: Animal products: Livestock, meats, grease, bone, hides, horsehair, leather, shells, plumes and deerskins; mineral products: Emeralds, gold, silver, platinum, asphalt and oil; vegetable products: Cotton, coffee, rubber, mahogany, vegetable wool, quinine, ipecac, tobacco, resin, corn, henequen, and woods of all kinds; manufactured articles: Sugar, twine, cigars and cigarettes, cheeses, copper and straw hats. The total value of the foreign commerce in 1917 amounted to \$63,865,156, of which \$23,333,826 formed the value of imports and \$40,531,330 that of exportations, leaving a balance of \$17,197,504 in favor of Colombia. As will be readily noted, these figures are entirely too small for a country of more than 400,000 square miles in extent and with a population of 6,000,000.

Industry also offers a wide field, for, though Colombia is a country of vast potentialities and possibilities for all branches of industry, it has been up to the present time far from being an industrial nation. To be sure, there are some factories for dry goods, cigars and cigarettes, soaps and candles, beers and carbonated waters, etc., but none of them are conducted as strenuously as they might be. In the first place, the prime materials have to be imported in some cases; secondly, their output is not sufficient to meet the internal demand; and finally, they have not awakened notable enthusiasm from the capitalists in the country, few of whom have backed them.

However profitable all other branches may be in Colombia, yet agriculture after all offers the most lucrative field for investment of capital and energy, since fruits of all the zones may be raised within its boundaries.

The coast and hot regions of the Republic produce corn, sugar cane, sea-land cotton, rubber, cacao, bananas, fibers, tropical fruits and vegetables, while the mountains and uplands yield coffee, apples, peaches, berries, potatoes, wheat, barley and in fact all of the products of the Temperate Zone.

On the Magdalena, an adequate labor supply is obtainable for large plantations of bananas as well as of cacao and rubber. The valleys of the Atrato and Leon have long been recognized as having proper characteristics for the cultivation of these products. With a sufficient population the Santa Marta district could within a few years increase its importance tenfold. On the Sinu River there is also much good banana land, as well as an area suited to the cultivation of oranges, pineapples, alligator pears, and many other tropical products. This is the great cattle belt. It is also the source of the cedar and mahogany exported from Colombia.

The coffee crop of the Republic yields annually about 1,250,000 bags (bag contains 60 kilos or 132 pounds) produced by 160,000,000 coffee plants. Next to Brazil, it exports more coffee than any other country and the industry in Colombia represents an investment of \$37,500,000, making it probably the most important in the country. During 1916 the coffee exports were valued at nearly half of the total exports.

The United States consumes the bulk of Colombian coffee and took 150,591,659 pounds out of the 160,134,831 pounds exported that year. The principal coffee districts are the Department of Cundinamarca, which produces the renowned Bogota brand; the Departments of Antioquia, Caldas and Tolima; the Ocaña, Cúcuta and Bucaramanga districts in the Department of Santander; and the smaller valleys of the Cordilleras.

The gathering of ivory nuts, the fruit of the tagua palm, from which the higher grades of buttons are manufactured, is one of the growing industries of the country. The exports of this product during 1916 were valued at \$452,292.

Next agriculture should be classed stock-raising, in which Colombia offers unrivalled advantages, because all its territory, especially that of the Departments on the Atlantic and Pacific Oceans, combine conditions particularly desirable for the development of this industry on a large scale, possessing as they do a healthful and equable climate, with abundant water and excellent pasture-lands that favor the raising and fattening of all kinds of live-stock on the alfalfa and other crops that may be grown on the fertile soil, and furthermore, the country lies midway between the United States and Europe and other South American nations below the tropics, so that the time and expense of shipment is much less to Colombia than to such other countries, while Colombian products are the first to reach foreign markets and may be sold at profits in competition with those from other countries. It is estimated that there are approximately 7,000,000 head of cattle in the country, while alongside great rivers more than 200,000,000 could easily be pastured. So it is certain that with proper care and with the establishment of modern packing houses in the course of a few years Colombia can be exporting 1,000,000 head of beef a year, to the profit of the entire world.

Colombia possesses limitless mines of practically all known minerals, but the majority are not worked because of the lack of roads over which to send forth the ore, and in those being worked primitive and wasteful methods are employed. However, in the Departments of Antioquia and Caldas, the greatest gold-producing sections of the country, mining is being conducted extensively. The most valuable emerald and platinum deposits in the world are found in Colombia, and gold is scattered throughout, as well as silver, copper, oil, asphalt and coal, all of which might be exploited with profit. The coal deposits are estimated at 13,500 square kilometers in extent, or 27,000,000,000 of metric tons, of the same high grade as that already produced in the mines exploited on a small scale already. The oil is considered next in rank to that of Mexico, the United States and Roumania, though it has been neglected heretofore. Hence it will be seen that in mining also Colombia offers a unique field.

In concluding I will quote from Dr. H. H. Rusby, the distinguished American scientist and President of the College of Pharmacy of New York, who stated recently in an article concerning his scientific expeditions to Colombia that in his opinion the development of the country depends upon the United States, since owing to its proximity it will be natural for Colombia to produce what are for its prime necessities, and hence it would be unpardonable for American citizens to neglect the opportunity therein offered for investment of capital with proper securities, and furthermore that there is no country of America that presents greater possibilities

for the construction of railroads and development of industries that use electric power. He cites undesirable features found in Colombia also, such as the ignorance of certain classes of its people and their lack of volition to undertake large enterprises, but states that the general character of the working class is pleasing, being composed largely of sane, strong, frugal, conscientious people, scrupulous in complying with what they consider their duty, in contrast to natives of some of the South American countries, and Dr. Rusby was especially struck by the remarkable memory some of them exhibited.

Such, in brief, is my outline of Colombia as a field for the investment of foreign capital. Faulty as it may be, it is my hope that it may in some measure contribute (if to a small degree) to the development of closer commercial bonds between my country and the United States.

COSTA RICA

COSTA RICAN TRADE AND FINANCES

By JOHN MEIGGS KEITH, PRESIDENT OF THE CHAMBER OF COMMERCE OF SAN JOSE,
COSTA RICA.

(Read at the Afternoon Session of Tuesday, June 3)

Mr. Chairman; Gentlemen:

In area and population Costa Rica is one of the smallest of the Spanish American republics, and at the same time it is one of the most progressive. In its development it has not had to face many of the great ethnic problems that its sister republics have had to contend with, as they are a homogeneous people, a large part of its population descending from the old Spanish *conquistadores*. The stock that brought western civilization to America and accomplished one of the most amazing feats of colonization recorded in history. Innumerable savage tribes scattered over a vast continent, which had only a rudimentary and crude agriculture, no knowledge of iron or steel, no work or milch animals—all fundamental elements of progress in the economy of human labor. The *conquistadores* united these tribes under a common language, religion and jurisprudence, giving them the arts, agriculture and traditions of the mother country.

Of the constructive period of Spanish America, covering more than three centuries, English historians until very recent years have written little that has not the bias of race prejudice. Las Casas' muckraking of Spanish adventurers has had wide circulation, critics forgetting that these adventurers were but prototypes of others that crossed the Isthmus of Panama three centuries later and were dealt with by the *vigilantes* of California.

Costa Rica, after acquiring its independence, and in spite of its poverty, sought to bring itself into closer contact with the outside world and establish a firm foundation for its interior development. In 1871 it commenced the construction of an interoceanic railway, now completed. It had already established the telegraph, also an admirable system of land registration, so good that litigation over a title is a very rare occurrence. It has built school houses in almost every town and village of the country. Its public buildings are a credit to the Republic. Costa Rica was amongst the first of the Spanish American countries to realize the importance of sanitation, and commenced the sanitation of its principal port in 1893. Large sums of money have also been expended in the sanitation of its towns and villages. This enthusiasm for the material expression of progress has been very costly, and accounts for the heavy burden of debt that the country carries.

Costa Rica, like many of its sister republics, has attempted to finance a democratic form of government by an undemocratic fiscal system. It derives its principal revenue by indirect taxation through the custom house and liquor monopoly, the incidence of which falls on the people least able to pay.

The outbreak of the war marked the collapse of its fiscal system by the reduction of its custom house receipts. The customs and liquor revenues were pledged to the English and French bondholders, and the country, strongly pro-ally in sentiment, loyally maintained the service of its foreign loans at the sacrifice of its domestic obligations, and thereby did its bit.

Fiscal reform became an imperative necessity, but there has been great divergence of opinion as to ways and means. Inflation of the currency was resorted to, which aggravated the situation by depreciating the value of the currency and decreasing the buying power of the people. The custom house receipts were reduced 75 per cent.

New sources of revenue were created by direct taxation, which undoubtedly have laid the foundation for a sound fiscal system in the future, but the immediate effect of this reform is nullified by the political unrest that it has engendered, and which has induced excessive military expenditures.

Of the judiciary of the country I can only speak in eulogy. Its laws relating to instruments of credit, banking, patents and trademarks, common carriers, bankruptcy, etc., are modern and very nearly fulfill the recommendations of the Financial Conference of 1915.

Costa Rica because of its geographical position in the tropical belt presents many of the problems common to that region where a large part of Spanish

America is situated. It is a common error in the North to consider the tropics as the most fertile portion of the earth, and attribute its lack of material development to the indolence of its inhabitants.

Such is not the case. In the tropics the human race has its greatest struggle for existence. Human labor and wealth are not cumulative to the same degree as in the temperate regions. The destructive forces of nature continually impinge on the constructive effort of man.

The farmer must work for 12 months in the year as against 4 in the North, and the gross return of a year's labor is less in volume and price. Torrential rains preclude the use of labor-saving machinery to a great extent.

It was not an accident that placed the metropolis of the United States at the mouth of the Hudson River instead of on the Mississippi, nor the situation of the capital of Brazil 23 degrees south of the Equator instead of at the mouth of the Amazon.

The development of the tropics has been handicapped by the low price levels of its products. There can, therefore, be no great commercial expansion on a firm footing until there is an increase in the price levels and volume of its products, to permit higher wages and a higher standard of living for its working classes, thus creating a greater purchasing power. They cannot buy in excess of the value of their products.

The problems of the future are largely social as well as economic, and demand a large expenditure for sanitation, improved facilities for transportation, public education, etc. Costa Rica has strained its credit to the utmost to create these fundamental conditions of progress, and is proud of what it has accomplished, but it has not materially increased the price value of its products, although it has increased the volume of its exports.

Mr. Bryan in the Financial Conference of 1915 suggested the United States lending its credit to Spanish America to finance its betterments.

To many this suggestion seems preposterous, but we should not forget that the six billion dollars of gold and silver produced by Spanish American mines made in four centuries the creation of the credit system possible to which the world owes its material development of today.

The casual observer is too inclined to judge tropical America by the lack of material progress, losing sight of the fact that the Spanish American civilization rests on human rather than material values.

Its social organism is the great stabilizing force behind the constructive efforts of four centuries that has withstood the vicissitudes of the climate and the destructive forces of nature. The colonies were far removed from the mother country, with uncertain means of communication, largely dependent upon their own resources, under political regimes good, bad and indifferent. Few people have democratic principles so firmly rooted in their social organization and strive more earnestly to express these principles in their political institutions, although their governments at times appear to be a negation of these principles, according to our standards.

In spite of almost unsurmountable ethnic difficulties in the way of their realization, regardless of repeated failures and disillusion, they cling tenaciously to the highest expression of democratic principle, with the same faith that its church upholds its ethical principles in spite of the weakness of human nature.

Democracy has given us power and prosperity. In Spanish America it has often brought strife and discouragement; but they have kept the faith. Is it to be wondered at that they demand self-determination? Their sympathy with the cause to make the world safe for democracy has been manifest.

I will not dwell on the antithesis of the mentality of the Latin American and the Anglo-Saxon. The heroic sacrifice of France in defence of the democratic cause in the late war demonstrates that the Latin countries and ourselves are united in the common cause of human liberty. It took France nearly three quarters of a century after the Revolution to realize the democratic aspirations of its social organism in its political institutions. Spanish America has still greater problems than France to solve to realize its aspirations. How great the debt of gratitude we owe to the late King Edward of England, who saw in the soul of France the same democratic aspirations as those treasured by the English race, although differently expressed, and made the Entente possible, which has saved the world for democracy. If we Americans could see into the soul of the Spanish American people, we would find the same ideals and aspirations in the common cause of democracy which should unite us in mutual confidence and respect.

CUBA

CUBA'S PLACE IN PAN AMERICAN TRADE

By SEÑOR PORFIRIO A. BONET, COMMERCIAL ATTACHÉ TO THE LEGATION OF CUBA.

(Read at the Afternoon Session of Tuesday, June 3)

Report of the Cuban Legation read by the Commercial Attaché at the Pan American Commercial Congress on June 3, 1919.

The report published by the Secretary of Finance of the Republic of Cuba on March 1, 1919, gives as the total of the exportations of Cuba during the year 1918 the sum of \$413,325,251, and as the total of the importations the sum of \$297,622,215. These figures show a total foreign trade of \$710,947,466.

Though the importations and exportations of bullion are included in these figures, the importation did not exceed \$2,989,120, nor the exportations reach a higher amount than \$6,441,749. These figures, as compared with those of 1917, after deduction of bullion, shows an excess in value of importations for 1918 over importations of 1917, of \$38,547,788, and an increase in the exportations of \$50,855,402; with this noteworthy circumstance, that in the columns of exportations, not only value but volume increased, while in importations the prices increased more than the volume.

Taking into consideration the anomalous situation created by the recent war in all the spheres of commerce, the irregularities of mercantile relations and the difficulties of transportation this as an exceptionally brilliant showing and establishes a new record in the continuously ascending scale of Cuba's foreign trade.

The commercial relations of the Republic of Cuba with the United States have also reached, during this past year, the high-tide mark, and it does not seem, judging by every indication, that the situation will change in the near future, but rather that the volume and price of our commerce with the United States will continue to increase, due allowance being made for commerce with Europe when normal relations with the belligerent countries are completely re-established.

The proximity of Cuba to the United States has so simplified and facilitated every aspect of business between the two countries that many of the problems confronting the other Latin American countries are found to be absent when review is made of the necessities of Cuba at the present moment.

Our banking relations with this country, that have reached a high degree of perfection, though they are still susceptible of certain modifications that will surely make credit more expansive and at the same time offer profitable investment to American capital, are almost equal to those of any great State in the Union. There has never been a day in the history of Cuba at which a larger amount of money has been in circulation than at the present moment. The credit institutions of Cuba will surely be reorganized and modernized within a short time and a convention with the United States on the circulation of the American currency in Cuba now used as legal tender on a par basis with Cuban gold would seem to be a general convenience. It is believed that such a convention might well establish the route to be followed with the other Pan American countries in order to attain as soon as practicable the monetary unity of this hemisphere.

In the meantime those who are called upon to study the problems of commercial relations of Cuba and the United States would do well to examine these suggestions for at the present time there already exists a monetary union between Cuba and the United States that would only necessitate diplomatic sanctions for certain particulars, rather of form than of substance, in order to be similarized to the Latin union, the Scandinavian union and other monetary conventions existing at present or that have existed before now.

We have said that insufficiency of transportation during the war and this is certainly a well known fact hindered trade to a great extent between Cuba and the United States. It still continues to be one of the difficulties that are encountered for a more ample and free development of our commercial relations.

We have noticed that the republics of South and Central America are extremely interested in the establishment of new steamship lines that would perfect the system of communications between those countries and the United

States. It would seem that certain of the ports of Cuba might be utilized for exchanges between North and South America and the countries of the Atlantic and the Pacific, on account of their exceptional situation and their many facilities already greatly developed. This is a point we strongly recommend to those who study at present such assistance to maritime communications. The Government of Cuba has always looked with special favor on every reasonable project intended to further these views.

Considerable economy in prices of articles exported to Cuba from the United States might be derived, in many cases, from a more practical and intelligent routing of merchandise. We would also subscribe to suggestions generally made by Pan American commerce to the commerce of the United States with regard to credit, packing and marking. These suggestions have been made, mostly, as a result of pre-war experience in trade with the United States as compared to trade with Europe and there is every reason to believe that they will be taken into consideration more seriously than ever, in view of European competition that will soon endeavor to reestablish its previous supremacy in the New World markets.

From the enormous development of the relations of the United States with Europe and especially the necessities of European countries and the vast credits extended to European nations by the United States during the last war, it is to be surmized that this country will give special attention to its commerce with the European continent. However, the moment is also very favorable for the United States to assure the advantages already gained in Latin America where the field is at present open and so large as to admit of its retaining and consolidating its present situation without aspiring to establish in any way a monopoly. On the other hand, we would invite our Latin American sister Republics to realize that the utility derived by Cuba from commerce with the United States has been as important as the political advantages that have resulted for her from the friendship of this great country.

At the present moment we have no special suggestions for this conference other than those expressed in this memorandum, but stand ready to cooperate in every way to a general plan that may be evolved from its labors for the bringing together of the various commercial interests of Latin America. We are indeed at the beginning, so to say, of a new era in which each of our countries should keep in mind the interest of the others and prepare to work out their problems in absolute harmony. There is such a variety of resources in all the Pan American States that the various nations, commercial policy should not come into conflict at any time. On the contrary they should tend to strengthen the concept of the Pan American spirit as it was expressed by Mr. MacAdoo during the First Financial Conference and by His Excellency the Secretary of State, Mr. Lansing, at the Second Pan American Scientific Congress.

The Pan American Union publishes from time to time official statistics regarding Latin America. The members of the Commercial Conference are referred to those publications for general knowledge of the actual situation in each one of the Republics, economically and commercially considered, as well as for data regarding geographical, climatological and other conditions. It is interesting to bring to your notice certain facts about Cuba that might otherwise be overlooked. They may serve as a key to the points advanced in the above paragraphs.

Taking into consideration the area of Cuba that comprises 44,164 sq. m. (114,385 sq. kilometres) and her population that in 1914 was 2,467,883, though it is expected that the census about to be taken will show a population of very near three million inhabitants, the island's foreign trade and the volume of her products can be justly called wonderful.

Comparative statement of the total value of the exportations of Cuba, in dollars of the national currency, from January 1st to December 31st, including bullion, in the years 1917-1918.

| | 1918. | 1917. |
|--------------------------------|----------------------|----------------------|
| United States | \$293,997,619 | \$257,446,699 |
| Other American countries..... | 9,428,079 | 8,445,260 |
| Germany ..... | ..... | ..... |
| Spain | 6,775,875 | 13,546,199 |
| France | 5,656,957 | 11,616,630 |
| United Kingdom | 95,817,266 | 73,563,756 |
| Other European countries | 495,154 | 1,339,460 |
| All the other countries | 1,154,301 | 887,506 |
| Total | \$413,325,251 | \$366,845,510 |

Statement of the value in dollars of the importations during the same years 1917-1918.

| | 1918. | 1917. |
|--------------------------------|---------------|---------------|
| United States | \$222,262,276 | \$206,353,087 |
| Other American countries | 20,367,023 | 17,920,136 |
| Germany | 2 | 730 |
| Spain | 10,392,529 | 15,651,998 |
| France | 7,044,221 | 6,289,418 |
| United Kingdom | 9,154,567 | 15,877,328 |
| Other European countries | 2,362,336 | 3,425,608 |
| All the other countries | 26,149,261 | 7,554,750 |
| Total | \$297,622,215 | \$272,573,055 |

The principal exports of Cuba are sugar, tobacco, fruits and minerals. The sugar crop of 1917-1918 produced 3,473,184 tons of sugar, the value of which was estimated at \$342,094,099 including the value of 174,642,257 gallons of mollasses. This great result was obtained by 198 Sugar Centrals.

The sugar crop of 1918-1919 is just about finished and is calculated to produce around four million tons of sugar. Both of these great crops were sold to the United States and the allied governments in the late war and constituted a great asset on the side of the Allies.

Examining the official reports of the Department of Finance we can acquire an idea of the things that Cuba sells and those that she buys. We have given above the total foreign commerce of Cuba for the year ending December 31st, 1918. We now compare that result with the preceding ten years of foreign trade as published by the Pan American Union. In these statistics are found the articles imported and exported by Cuba.

TEN-YEAR TABLE OF FOREIGN TRADE.

| Fiscal Year. | Imports. | Exports. | Total. |
|-----------------|--------------|---------------|---------------|
| 1907-1908 | \$98,829,000 | \$112,122,000 | \$210,951,000 |
| 1908-1909 | 86,791,000 | 117,564,000 | 204,355,000 |
| 1909-1910 | 103,446,000 | 114,039,000 | 277,485,000 |
| 1910-1911 | 108,098,000 | 129,199,000 | 237,297,000 |
| 1911-1912 | 120,229,000 | 146,788,000 | 267,017,000 |
| 1912-1913 | 135,810,000 | 165,208,000 | 301,018,000 |
| 1913-1914 | 134,008,000 | 170,797,000 | 304,805,000 |
| 1914-1915 | 128,132,000 | 219,447,000 | 347,579,000 |
| 1915-1916 | 201,024,000 | 336,801,000 | 537,825,000 |
| 1916-1917 | 261,377,000 | 357,040,000 | 618,417,000 |

The imports by countries for the last five fiscal years were:

| | 1912-1913. | 1913-1914. | 1914-1915. | 1915-1916. | 1916-1917. |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| United States | \$71,753,872 | \$71,420,042 | \$78,971,636 | \$149,590,768 | \$194,822,851 |
| United Kingdom | 17,411,522 | 15,618,673 | 15,003,714 | 16,714,838 | 19,352,765 |
| Spain | 10,602,302 | 10,884,058 | 10,459,426 | 12,399,919 | 16,161,692 |
| France | 8,237,276 | 8,257,297 | 4,240,171 | 5,358,342 | 6,227,217 |
| British India | 2,360,438 | 2,896,929 | 3,023,206 | 3,410,185 | 4,578,116 |
| Uruguay | 2,224,436 | 1,714,298 | 1,588,847 | 2,661,578 | 4,239,010 |
| Porto Rico | 3,403,716 | 2,987,510 | 2,427,750 | 2,427,344 | 3,168,664 |
| Canada | 1,498,964 | 1,664,902 | 1,309,457 | 1,316,667 | 3,680,870 |
| Mexico | 938,180 | 1,353,899 | 1,710,763 | 1,297,097 | 2,573,712 |
| China | 130,943 | 118,423 | 151,616 | 426,662 | 1,232,787 |
| Italy | 624,560 | 770,019 | 717,161 | 735,783 | 738,061 |
| Argentina | 1,657,796 | 1,457,633 | 888,244 | 766,610 | 694,553 |
| Japan | 170,854 | 141,789 | 97,238 | 269,426 | 647,067 |
| Netherlands | 768,316 | 992,353 | 1,779,861 | 862,866 | 526,191 |
| Switzerland | 385,386 | 480,082 | 143,844 | 222,991 | 461,063 |
| Chile ..... | ..... | 1,938 | 123,018 | 16,412 | 394,600 |
| Denmark | 234,478 | 204,802 | 253,516 | 256,791 | 380,525 |
| Norway | 859,400 | 1,419,925 | 2,186,724 | 1,296,031 | 356,681 |
| Germany | 9,515,104 | 8,275,766 | 2,218,556 | 54,367 | 8,170 |
| Other countries | 3,033,047 | 3,347,800 | 837,342 | 929,593 | 197,689 |
| Total | \$135,810,590 | \$134,008,138 | \$128,132,090 | \$201,023,670 | \$261,377,234 |

The imports by classes for the last five fiscal years were:

| | 1912-1913. | 1913-1914. | 1914-1915. | 1915-1916. | 1916-1917. |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Earth, stones and manufactures of: | | | | | |
| Stones and earths..... | \$1,616,725 | \$1,801,636 | \$1,384,209 | \$2,008,162 | \$2,034,159 |
| Mineral oils, bitumens, etc. | 1,346,830 | 1,521,616 | 1,447,779 | 2,380,552 | 3,109,421 |
| Glass and crystal ware | 1,796,902 | 1,577,972 | 1,021,971 | 1,644,871 | 2,064,188 |
| Earthenware and porcelain | 939,163 | 1,099,527 | 765,079 | 902,967 | 1,258,902 |
| Metals and manufactures of: | | | | | |
| Gold, silver and platinum | 237,890 | 351,867 | 209,581 | 377,763 | 576,999 |
| Iron and steel..... | 6,814,244 | 7,460,425 | 5,346,326 | 8,488,552 | 15,238,541 |
| Copper and alloys.... | 1,102,349 | 1,108,818 | 734,498 | 952,404 | 1,742,475 |
| All other metals | 376,618 | 394,450 | 244,529 | 349,651 | 424,960 |
| Chemicals, drugs, paints and perfumeries: | | | | | |
| Primary products | 632,113 | 496,440 | 532,481 | 576,817 | 730,180 |
| Paints, etc., varnishes and inks | 874,359 | 868,261 | 764,173 | 1,056,377 | 1,340,802 |
| Chemical products | 4,246,634 | 4,159,059 | 5,119,590 | 6,834,837 | 8,667,812 |
| Oils, soaps, etc. | 2,334,144 | 2,302,883 | 2,506,789 | 3,264,819 | 4,347,095 |
| Fibers and manufactures of: | | | | | |
| Cotton | 12,647,332 | 10,478,932 | 9,715,869 | 12,819,237 | 17,821,931 |
| Vegetables, fibers | 4,739,402 | 5,382,098 | 6,263,707 | 6,377,227 | 9,126,791 |
| Wool, hair, etc. | 1,220,257 | 1,216,528 | 822,476 | 1,399,098 | 2,270,238 |
| Silk | 524,291 | 595,314 | 544,923 | 876,548 | 936,173 |
| Papers and manufactures of: | | | | | |
| Papers and cardboard. | 764,799 | 1,949,875 | 1,601,458 | 2,573,381 | 3,929,005 |
| Books and prints..... | 449,945 | 485,192 | 316,589 | 275,308 | 329,386 |
| Wood and other vegetable substances: | | | | | |
| Wood and manufactures of | 3,674,558 | 3,344,998 | 3,025,151 | 5,037,296 | 5,107,768 |
| All other | 289,224 | 227,756 | 217,996 | 377,355 | 568,587 |
| Animal and animal products: | | | | | |
| Animals | 416,261 | 379,258 | 282,156 | 404,445 | 693,888 |
| Hides, skins and feathers | 703,961 | 816,904 | 756,818 | 1,113,848 | 1,267,958 |
| Manufactures of leather | 5,806,433 | 5,109,520 | 5,532,295 | 7,072,899 | 8,256,171 |
| Instruments, machinery and apparatus: | | | | | |
| Musical instruments, watches and clocks.. | 321,926 | 371,653 | 227,383 | 338,235 | 430,004 |
| Machinery | 11,436,434 | 11,061,667 | 8,538,012 | 19,543,575 | 29,974,076 |
| Apparatus | 3,587,936 | 3,986,826 | 3,295,803 | 6,779,467 | 11,960,479 |
| Foods and drinks: | | | | | |
| Meats | 12,629,886 | 12,636,236 | 11,110,964 | 18,975,932 | 20,823,774 |
| Fish | 1,833,800 | 2,289,553 | 2,510,331 | 3,119,831 | 3,283,455 |
| Breadstuffs | 16,440,564 | 16,175,070 | 17,954,196 | 21,999,946 | 25,845,427 |
| Fruits | 768,201 | 800,265 | 776,536 | 1,206,362 | 1,451,324 |
| Vegetables | 5,512,761 | 5,176,203 | 6,060,084 | 8,773,508 | 11,460,918 |
| Beverages and oils.... | 3,459,419 | 3,997,262 | 4,245,695 | 5,096,082 | 6,410,684 |
| Dairy products | 2,908,422 | 3,313,834 | 3,241,295 | 3,710,983 | 4,060,992 |
| All other | 5,765,486 | 5,231,975 | 4,424,075 | 4,899,725 | 6,298,348 |
| Miscellaneous | 3,581,979 | 4,886,361 | 3,767,855 | 5,215,982 | 7,419,671 |
| Articles free of duty.... | 13,009,332 | 10,951,949 | 12,823,419 | 39,189,633 | 40,124,657 |
| Total..... | \$135,801,590 | \$134,008,138 | \$128,132,090 | \$201,023,670 | \$261,377,234 |

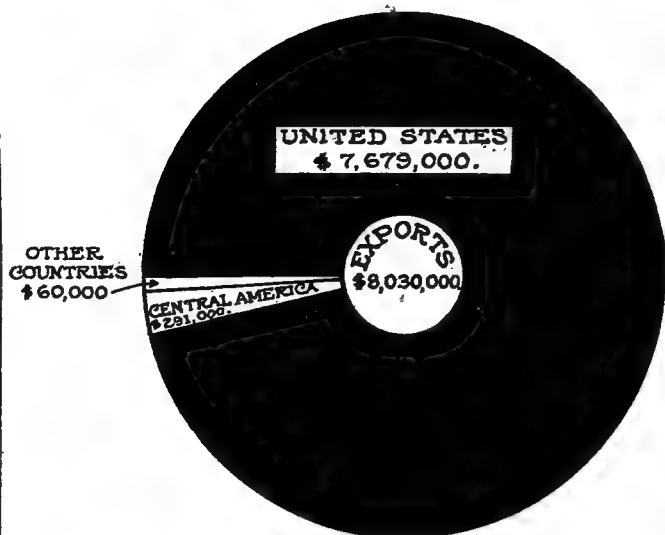
Cuba produces or can produce in large quantities many farm products that the United States consumes. At the same time Cuba consumes all kinds of American manufactured goods except those exclusively used in cold climates.

Demographic reports show that the death rate in Cuba is lower than in any other country in the world. A. Hyatt Verrill, in his book on Cuba says that: "Although Cuba is best known and is most to be recommended as a winter resort yet in midsummer it has its attractions, and many visitors find Cuba far more admirable in summer than in winter. At this season it is hot in the large coast towns, it is true, but in the interior it is pleasant, and nowhere in the island does the temperature score into the nineties as it does in New York and our northern towns. Moreover in the summer, tropical fruits are at their best, flowers deck the country with a riot of color and the miles of Poinciana trees form masses of living flame, a gorgeous scene never dreamed of by those who have seen the tropics only in the winter season."

HONDURAS

FOREIGN COMMERCE 1917

TOTAL: \$14,323,000.



Very efficient railroad service obtains throughout the island. The extent of the railroads is about 2600 miles. The first Cuban railroad was put in operation in 1837, twelve years in advance of Spain, the mother country. Many fine roads have been built throughout the island and a plan for a general highway system is now being studied by Cuba's best engineers.

As a country for immigration, Cuba has already been appreciated by many Americans who have established themselves there and are doing good business. But the majority of immigrants still continues to come from Europe. The island's population is now about 50 persons to the square mile. But the country can easily support sixteen million people without ceasing to be an agricultural country.

The latest statistics on immigration are the following:

| | 1917. | 1918. |
|------------------------------------|--------|--------|
| Spain | 34,795 | 14,292 |
| Haiti | 10,135 | 10,640 |
| Jamaica | 7,889 | 9,184 |
| North Americans | 1,013 | 771 |
| Porto Ricans | 895 | 395 |
| England and Smaller Antilles | 567 | 255 |
| Mexico | 526 | 244 |
| South Americans | 233 | 313 |
| Central America | 197 | 249 |
| China | 3 | 237 |
| France and French Antilles | 173 | 118 |
| Hollanders (Curacao) | 26 | 100 |
| Sundry from the Antilles | 195 | 37 |

The financial condition of the Government of Cuba is excellent and the bonds of the Republic are always very highly quoted in New York and in London.

One of the great advantages for American bankers and merchants and people doing business with Cuba consists in the fact that they can easily control their own interests, Havana being but 52 hours from New York, via Key West, and less than three days by sea. These circumstances have favored business to a large extent and encouraged tourists to visit the country. Telegraphic service and a perfect telephone system allow of reaching almost any point of Cuba from Havana, and cables for the United States, Europe and South America can be sent even from the interior.

There is a feature that should not be left unmentioned. Cuba is an essentially progressive country and takes and buys none but the best and up-to-date articles of all kinds. From the giant machinery of the stupendous sugar factories to the electric cars, self-communicating telephones, and the lighting system and port facilities, Cuba has the best that money can buy, and in doing business with her these circumstances should be kept in mind.

DOMINICAN REPUBLIC

TRADE OF THE DOMINICAN REPUBLIC

BY SEÑOR MANUEL DE J. CAMACHO, CONSUL GENERAL OF THE DOMINICAN
REPUBLIC IN NEW YORK

On account of the limited time at my disposal I must confine myself to giving you a brief sketch of the commerce of the Dominican Republic which I have the honor to represent.

My greatest desire has been to see realized the lofty and useful labor of the Pan American Union for strengthening the commercial relations among the countries of the American Continent, and it is a source of pleasure to me that this great ideal should be approaching its attainment more and more every day. In so far as my country is concerned, I state with pride that today, more than ever, it perceives the changes which for some time past the commercial relations between the United States and the Dominican Republic have undergone. The volume of business now being done between the two countries indicates that commercial cordiality has united in a close embrace the merchants and manufacturers of this country and the Dominican importers, and this feeling of commercial sincerity exists today without doubt, because the American exporter and manufacturer has come to realize exactly the great volume of business which the different Spanish American countries offer, and on the other hand, because they have felt the need of correcting the estimation in which American products were held in many Latin American countries.

Now the American exporter and manufacturer offers liberal terms to the importers of Latin America; and it is also true that in the Dominican Republic, as well as the majority of the countries which make up the American Continent, they have come to recognize the worth of American merchandise. This, coupled with the sincere desire for mutual cooperation, certainly furnishes an excellent basis for the betterment of commercial relations of Pan America. Many European countries used to offer very liberal and long terms to Dominican importers, while in this country they required cash payment, or, at the most they granted a very short term which offered no advantages. This state of affairs, however, has almost disappeared, and today exporters and manufacturers offer terms of sixty, ninety and one hundred and twenty days, and even five months for some merchandise. The former condition obtained several years ago, because there was no knowledge in this country as to the responsibility or honesty of Latin American merchants, and on account of the lack of that cordiality which prevails now.

To show the volume of business at present carried on by the United States and the Dominican Republic, it is sufficient to point out that four or five years ago the Dominican ports were visited only by three or four steamers monthly, of not more than 3,000 tons, from New York with cargo and a few passengers.

At present this number is three or four times larger, and instead of the former three or four monthly steamers, there come to the Dominican Republic eleven, twelve, thirteen, and even fifteen steamers every month, not counting those which come by way of Porto Rico. These steamers return to the United States loaded with sugar, cocoa, coffee and other Dominican products. This detail only reinforces what I have already stated with regard to the commercial cordiality existing between the United States and the Dominican Republic, but in spite of this cordiality there are yet some problems which the Dominican merchant would like to see solved, and one of them is the need in the Republic for finding admittance for its tobacco into the United States, that is to say, that the Dominican product should not pay the high duties that are imposed upon it for importation into this country.

In certain regions of the Dominican Republic they cultivate and produce tobacco as good as the best from Vuelta, Abajo, Cuba. This is shown by the fact that several tobacco dealers in Cuba import Dominican tobacco, because they know its superior quality. It should not be doubted, however, that in the same way that the commercial relations between the Dominican Republic and the United States have been made closer in such a cordial manner, the day will come also when the Dominican tobacco grower will be able to export his product to the United States without having to pay any higher duties than those who buy the tobacco from Cuba or other countries. Dominican tobacco has been sold for a

long time in Europe, but, as is natural, on account of the proximity and convenience, the Dominican tobacco grower would rather have the United States as the main market for his product.

The investment of American capital in the Dominican Republic has also contributed to the trade relations between the two countries. According to the opinion of experts the best sugar mill in Latin America is operated under La Romana, which is the property of a powerful American company. There are very many enterprises like this in the country, under operation or in project.

It is not to be denied that the work of the Pan American Union has been more than efficient, and therefore worthy of praise, because that institution has carried to the remotest corners of the American Continent the ego of the sentiment of the trade of the United States and has made the North American public familiar with the Latin American standpoint.

It is my opinion, like that of many others, that if American commerce continues to be carried on in the manner that it is has been conducted lately, there will be no other market in the whole world for Latin American products than the United States.

COMMERCE AND INDUSTRY

BY COLONEL G. C. THORPE, UNITED STATES MARINE CORPS.

During my two years' military service in the Dominican Republic, beginning February, 1917, I had occasion to visit most parts of the southern half of the country and became quite familiar with conditions in most of that section, comprising Seibo, Macoris, Santo Domingo, Azua and Barahona Provinces.

Of these provinces, Macoris is the most cultivated. Sugar cane is the specialty there. Some of the sugar cane plantations of Macoris spread out into Seibo Province. In addition, a cane plantation entirely in Seibo Province, with headquarters at La Romana, is in the course of development with the objective of being one of the largest in the world. In Barahona Province (in western Santo Domingo), a company has been experimenting to ascertain if a very large section can be irrigated for cane. At present, the Dominican Republic produces about 125,000 tons of sugar per annum, and this output can be increased many fold so far as fertile acreage is concerned. The sugar companies realized immense profits during the European war.

Seibo Province also produces a quantity of first class cacao. This product is the small farmers' crop and really is the first industry of the country as to quantity or value of the crop. Nearly all the provinces produce cacao.

There are considerable stretches of grazing land in Seibo and Azua Provinces where cattle raising realizes large profits.

Azua and Barahona Provinces produce a remarkably fine quality of fibre suitable for hat-making, fabrics, baskets, rope, etc. In Bani, about 60 miles west of the capital, one can buy a very good fibre hat for a dollar. An American Company recently began building a factory at Azua town for preparing the fibre. It would seem that economy in transportation would have dictated placing the factory in the interior, nearer the center of the fibre fields, so that the long haul would have been for the finished product instead of for the plant. Probably transportation considerations were sacrificed to the fear of lack of protection.

Barahona produces a fine grade of coffee. I understand that His Holiness the Pope obtains coffee for his own use from those fields.

In many parts of the country there are quantities of hard woods, especially mahogany and lignum-vitæ.

An excellent tobacco grows in some of the northern provinces and many people prefer a 5 cent Dominican cigar to any 10-cent Havana.

The fruits of Santo Domingo are varied and excellent. The allegator-pear is unsurpassed; the La Vega pineapple is heavy with sweet juice; oranges are delicious; there are many varieties of banana and plantain; the cocoanut tree bears bountifully; one finds guava trees everywhere bearing loads of fruit; besides the guanabana, Spanish apple, grape fruit, and limes there are many other small fruits that are unknown delicacies elsewhere.

Cotton is a successful crop around Monte Cristy. An American experimenting there told me that he was raising the long fibre cotton worth about \$1.20 per pound. Cotton would grow in many parts.

Indian corn also grows well. We used the local corn as forage for our animals during campaigning in the provinces.

All kinds of garden vegetables, with the possible exception of the Irish potato, grow splendidly and the fruit thereof is large and luscious. A tomato vine will bear several bushels of tomatoes that one can eat with relish like an apple. But foreign seeds should be planted each crop. It does not produce good results to plant seeds that are grown there, as the second crop, then, is small fruit.

Almost anything can be grown to advantage in Dominican soil. In Seibo Province I have seen loam 15 feet deep. Land is cheap. The climate is the best tropical climate in the world.

The other side of the picture is:

(a) Good land titles are hard to get. The land laws are involved and boundaries are uncertain. Until the Government has a survey of the country and establishes a court to clear and fix titles, buying land is full of hazard, especially for the purchaser who fails to sit on his purchase.

(b) The transportation problem is a difficulty which threatens the profits of almost any enterprise. In the south there are no railways except those owned by sugar estates and these are used exclusively by the owners; they are not public carriers. Although the lightest automobiles travel over some of the trails in dry seasons, there are few roads that would accommodate trucks or any form of heavy hauling except packing.

(c) The labor problem is also full of difficulties. The native laborer is not a real worker. He finds little necessity to work where a few hours' labor will suffice to construct a comfortable shack to shelter him and his family and from which home he has only to stroll out a few yards to pick plantins for necessary nutriment. For 25 cents he can buy a hen and a neighbor will give him a pig. Nature does the rest. Pigs, fowl of the chicken, duck, guinea, and turkey families raise themselves without care or artificial feeding. In many parts fruits are so common that one cannot buy them in the shops of the villages because everyone (at least every native) has them for the picking. The native customarily cares for a small patch of ground (called *cunuco*) where he plants a few plantin plants, maybe a little corn for his animals, and then a few cacao or tobacco plants, depending upon the locality. From the produce of the latter he realizes enough cash to buy the few manufactured articles he may fancy. Or, if he objects to agriculture on his own responsibility, he may take employment on a sugar plantation, in which case he may work two or three days and then lay off many days. This unreliability of native labor forces the large estates to import laborers from the British islands or St. Thomas. These importations offend the natives who claim that the reason they will not work for the estates is that the latter will not pay a living wage and do not house or treat them properly. (The Dominican cane cutter receives about one-third the wage that is paid in Cuba.) The importation of labor is one great source of complaint that the native countryman raises against the present regime; it is the excuse of the irresponsible for insurrection and banditry. He holds the Government accountable for all his ills. Although there is probably little American capital invested in the large estates, the native ordinarily classes all foreign holdings as American. And so there is consciousness (or sub-consciousness) of grievance against the American.

To meet these difficulties:

(1) There should be, as above stated, a Government survey and a land court to determine titles. And in connection with that reform should go another, viz., a land tax. There is now no national land tax, which accounts for the uncertainty of land titles. Revenue is raised from import taxes and licenses. This form of taxation hits the poor people very hard indeed, while the land owner does not have to use his land as he would if it were taxed. The native pays a large import tax on every manufactured article he uses. Even on refined sugar. Sugar is exported, refined, and comes back for use with an import tax. Although the country abounds in fine woods for furniture, there are no furniture factories, and the poor native pays a high tariff on what poor furnishings he has.

(2) Of course the Government should push road-building. Roads would stimulate commerce and eliminate lawlessness. The transportation cost is so heavy upon whatever the native countryman can produce that he is discouraged from producing more than is absolutely necessary to get a few dollars. But if he could get the products of his industry to the market by a reasonable transportation charge his ambition would grow apace in industry instead of in lawlessness—for the

human being will have some activity. Early in 1917 I visited Bani upon invitation of the inhabitants who wanted a Government road from the capital. They exhibited their coffee industry and I wondered how they could have the heart to do the little that they did in that line when I realized that every sack of coffee had to be carried 60 miles on a pack animal before it came to a shipping port. They also showed me the splendid hats they could make for a dollar, which would be a real industry there if they had transportation. About 90 per cent of the inhabitants in that section were white, and so their adverse circumstances did not make of them insurgents, but I could see men apathetic who might have been hustlers.

(3) The labor problem would be cured by a combination of good roads and a wise colonization. If little colonies of good Americans were scattered over the country to develop the latent productivity and possible industries with the motto, "Fair play and a good share of profits to native co-operators," the native would learn to work well for good employers, and both the native and colonist would have large returns.

Present conditions in the Dominican Republic offer good openings to:

(1) The American trader who would establish a trading post in any of many localities to sell to the natives within a great radius every manufactured article they use, and, in turn, buy from them their whole produce.

(2) In some localities such a trading post, with sufficient capital, could also cut and ship timber (hard woods).

(3) Cane growing and grinding.

(4) Coffee raising.

(5) Cotton raising.

(6) Cacao buying and chocolate factory.

(7) Cigar making.

(8) Fishing. The natives are no fishermen and the surrounding waters are full of all kinds of good fish. There is a local market for much more fish than is provided by the few fishermen. Samana Bay would be one good fishing base, from which the railroad to the northern towns would dispose of a large catch.

(9) Poultry. All classes of poultry could be raised at almost no cost. Samana Bay towns would make good bases for such an enterprise, as from there the New York market could be reached in five days.

(10) The cocoa-nut industry, yielding cocoa-nut oil, fibre, and cocoa-nut meat (copra).

(11) Dominican limes, oranges and grape fruit, to say nothing of the alligator-pear, should make a good export trade.

(12) Dominican pottery has possibilities.

(13) There should be at least one furniture factory, which could locally sell a large output.

(14) Nearly every Dominican town and city needs an ice plant and an electric plant. The most important cities, such as the capital and San Pedro de Macoris, now have these plants but they are so inefficient that most people either use lamps burning coal oil or have their private Delco lighting system. Few people have been educated to using ice.

In short, nearly every kind of commerce and industry is awaiting development in Santo Domingo. The excellent climate and beautiful scenery offer a good home to the reasonable investor and developer—not to the hoggish exploiter. Dominicans may be found good neighbors under proper treatment.

ECUADOR

TRADE FACTS ABOUT ECUADOR

BY SEÑOR GUSTAVO R. DE YCAZA, CONSUL GENERAL OF ECUADOR IN NEW YORK.

(Read in the Afternoon Session of Tuesday, June 3)

Gentlemen: I am most pleased and honored, as the delegate from Ecuador, to address my hearty congratulations to this assembly gathered in the Capital of the United States under the auspices of the Pan American Union.

The western hemisphere, during the war which has ravaged Europe most terribly, has suffered the least, and is, doubtless, the one that has increased in wealth most. Some one's welfare is always the cause of the harm to others; this seems to be an injustice of Nature but it is a fact; more than three centuries ago Montaigne commented upon it as an unquestionable truth.

The growth of richness in America offers the best historic opportunity to maintain it and even to further enlarge it through the development of commerce.

To approach by means of a vigorous Pan American merchant marine the sources of production and the markets is the primary condition if we wish to develop business. I am not the first to state this, and many others will express the same idea, but I do not wish to overlook what we might call the *desideratum* in the matter: the means of transportation. The war forced this powerful country to build her merchant navy. It can be said that the United States has at present one of the largest merchant marines, together with the possibilities most promising for the expansion of the Pan American commerce. Referring to Ecuador, I believe that my endeavor must be to outline in a few words, not all that can be done to increase, or, at least, improve the conditions of our present trade with the United States, because that task would be too complicated and, after all, beyond the limits of this address, not all that can be done, I say, but at least a little of what must not be done.

On this line, Ecuador might well doubt in some cases the reality of things which are known to exist, for instance—and you will be surprised at the example—Ecuador may have the right to doubt the very existence of the Panama Canal.

I think this is an excellent opportunity to give notice of a fact which is a very strange and almost unexplainable occurrence. The transportation of merchandise from the United States to Ecuador is carried on today under the same conditions as it was before the canal was built, when the railroad was the only means of carrying the cargoes across the Isthmus of Panama.

Ninety-five per cent of the American goods shipped to Ecuador arrive at Cristobal where they are landed and there they wait for weeks and whole months for the boat that will re-load them and take them to Ecuador. This means a heavy surcharge in freights, and, of course, is very detrimental to international commerce. I believe that to denounce this situation is self-explanatory and sufficient.

Guayaquil, the principal port in Ecuador, is closing the hospital for yellow fever, for the simple reason that in more than three months not a single patient has entered it. The pretext, rather than the reason, for which the ships would not enter Guayaquil has disappeared. I avail myself of the occasion to make a public acknowledgment of the humanitarian work carried out by the Rockefeller Foundation, which has cooperated efficiently with the sanitary authorities in Ecuador for the extinction of that disease.

When all the American merchandise exported to Ecuador shall be shipped directly, loading in New York, for instance, and unloading in Guayaquil, then Ecuador will learn, practically, that the Canal of Panama exists in this world as the wonderful victory of American enterprise and genius.

The Republic of Ecuador begins about three hundred miles south of the Panama Canal and offers to the initiative and forwardness of American capital inexhaustible sources of wealth, the best climates on earth, with most varied products; the tropical and temperate zones within a comparatively small territorial extension. Ecuador produces cocoa and wheat, sugar and barley, bananas and grapes, that is, the products of all the zones of the planet. There have been found oil fields which render to a single prospector four thousand gallons a day. Then there are many other enterprises.

Gold, silver, manganese and coal mines are worked in very small proportion, or not at all, because means of communication are lacking.

There are great opportunities for American capital that would be willing to go, not in search of concessions, but to take its place under the rulings of our liberal laws, which give to the foreigner the same civil rights as the nationals.

It is not my wish to bring in this few lines the statistics relating to our commerce, nor anything that may be drafted in figures, but I shall be glad to answer any questions and give any information about Ecuadorian matters, provided they be within the realm of my knowledge or possibilities.

In conclusion, I beg to express my warm desire for the greatest success of this Conference.

GUATEMALA

GUATEMALAN TRADE FACTS

BY SEÑOR FRANCISCO SÁNCHEZ LATOUR, CHARGÉ D' AFFAIRES OF GUATEMALA.

(Read at the Afternoon Session of Tuesday, June 3)

The diplomatic and commercial relations of Guatemala with the United States could not be better. We people from Guatemala cherish our traditions and our great and loyal friendship for our Northern sister, the United States of America is really a tradition with us. My country has always endeavored to show what its sentiments are in that respect and has availed itself of every opportunity to second the United States in its efforts for the welfare of all and each one of the 21 Republics of the three Americas and its lofty ideals of Pan Americanism.

The commercial situation created by the Great War is unique and specially favorable to the United States. In the three years before the war 1911-1912 and 1913, Latin American trade with this country, including both exports and imports, reached the sum of \$2,361,088,613; with Great Britain \$1,839,356,227 and with Germany \$1,655,255,555. During the three years of 1915, 1916 and 1917, that trade with the United States reached the sum of \$4,203,192,961, an increase of 78 per cent.; with Great Britain \$1,701,816,871, showing a decrease of 7 per cent., and with Germany it disappeared completely. These numbers give an idea of the position of the United States in the trade of the three Americas. We hope this position will be maintained. As to Guatemala I will give a few details as to her commerce with this country: in 1911 the imports from the United States were \$3,356,455 and in 1917 they amounted to \$5,386,277; exports to the United States in 1911 were \$3,297,156 and in 1917 they reached \$10,057,330, nearly three times as much.

In the details that I am putting down I do not give those of 1918 because on account of the earthquake that destroyed a large part of our Capital City and the entrance of Guatemala into the war with the object of seconding and upholding the ideals and principles of the United States, our trade naturally diminished, but now a large part of what was destroyed by the earthquake has been rebuilt, and so that all the reconstruction may be carried out we would welcome the help of American capital and American commerce, the latter being able to furnish us with a majority of the elements we need such as lumber for house building, all kinds of roofing material, cement, piping, etc., in fact all the necessary articles for construction purposes.

But coming back to the question of the commerce of Guatemala and so that the balance in favor of the United States may be seen in the last few years I compare four years of the war with three before the conflict:

EXPORTS.

| Countries. | 1911 | 1912 | 1913 | 1914 | 1915 | 1916 | 1917 |
|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| United States | \$3,297,156 | \$3,863,829 | \$3,923,354 | \$4,874,379 | \$6,881,411 | \$8,688,573 | \$10,057,330 |
| Great Britain | 1,324,751 | 1,438,498 | 1,600,039 | 1,245,906 | 1,049,937 | 86,087 | ..... |
| Germany | 5,851,817 | 6,975,006 | 7,653,557 | 5,413,580 | 50,237 | 91,658 | ..... |

These figures speak for themselves as also do those referring to imports:

IMPORTS.

| Countries. | 1911 | 1912 | 1913 | 1914 | 1915 | 1916 | 1917 |
|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| United States | \$3,356,455 | \$4,532,361 | \$5,053,060 | \$4,879,200 | \$3,751,761 | \$5,228,325 | \$5,386,277 |
| Great Britain | 1,662,503 | 1,739,589 | 1,650,387 | 1,889,645 | 577,200 | 1,056,786 | ..... |
| Germany | 1,990,822 | 2,250,862 | 2,043,329 | 1,842,739 | 146,053 | 5,169 | ..... |

So that you gentlemen may be able to form a more or less exact idea of the articles we have been exporting and importing, I have the pleasure to present the following statistical data taken from the Annual Report of the Department of Finances of Guatemala of 1917:

ARTICLES EXPORTED.

| Articles. | Pounds. | Value. | Articles. | Pounds. | Value. |
|----------------------|-------------|-----------|--------------------------|------------|---------|
| Cattle | 41,900 | \$2,340 | Rubber | 128,300 | 64,184 |
| Sugar | 998,100 | 449,945 | Images and Sculpture ... | 1,100 | 596 |
| Leather (soft) | 158,900 | 47,698 | Wool | 209,300 | 15,698 |
| Bananas | 221,870,200 | 990,790 | Lumber | 13,272,300 | 138,254 |
| Shoes | 2,600 | 393 | Honey | 106,300 | 14,693 |
| Cocoa | 5,200 | 1,315 | Panela (dark sugar)..... | 9,800 | 294 |
| Coffee— | | | Hides | 117,200 | 35,477 |
| In shell | 1,410,200 | 74,785 | Live Plants and Orchids. | 1,500 | 390 |
| Clean | 89,269,600 | 5,355,577 | Mineral Products | 521,900 | 46,071 |
| Coconuts | 165,000 | 68 | Broom Root | 54,700 | 3,834 |
| Chicle | 189,300 | 59,694 | Woolen Cloth | 10,000 | 10,016 |
| Preserved and Canned | | | Hats | 8,100 | 7,373 |
| Fruit | 57,500 | 3,310 | Tobacco: | | |
| Horns | 1,700 | 36 | Prepared | 12,900 | 3,748 |
| Beans | 19,400 | 487 | Crude | 2,600 | 599 |
| Fibrous Plants | 104,400 | 9,400 | | | |

ARTICLES IMPORTED.

| Articles. | Kilos. | Value. | Articles. | Kilos. | Value. |
|-------------------------|-----------|-------------|--------------------------|------------|-----------|
| Cotton Goods | 2,239,719 | \$2,294,425 | Paper and Stationery.... | 687,977 | \$239,263 |
| Linen Goods and Jute... | 675,714 | 232,737 | Machinery: | | |
| Woolen Goods and Cloth. | 283,391 | 136,940 | Agricultural | 524,303 | 157,289 |
| Silk Manufactures | 9,572 | 112,118 | Railway | 1,324,499 | 128,170 |
| Iron and Steel Manufac- | | | Petroleum, Crude and Re- | | |
| tures | 1,633,907 | 399,609 | fined | 28,887,462 | 252,826 |
| Copper, Lead and Tin | | | Foodstuffs | 3,926,833 | 437,687 |
| Manufactures | 287,124 | 107,958 | Coal | 509,895 | 5,822 |
| Wood and Iron Manufac- | | | Drugs and Medicines.... | 235,510 | 278,623 |
| tures | 343,253 | 177,482 | Wheat Flour | 10,299,899 | 1,008,051 |
| Glass, Chinaware and | | | Wines, Liquors and Beer | 408,282 | 77,527 |
| Crockery | 509,983 | 74,800 | Lumber | 494,821 | 10,632 |
| Leather and Skins | 34,901 | 206,952 | | | |

1 K = 2.2046 pounds.

As can be seen the principal article exported from Guatemala was coffee, whose value was \$5,355,577. After it came bananas valued at \$990,790, next came sugar for \$449,445. Guatemala coffee has a splendid reputation in Europe and is already well known in the United States. Incidentally I may mention that it was awarded the first prize at the Pan American Exposition in San Francisco, California, in 1915. Guatemala also received grand prizes for her cocoa, rubber and bananas.

Besides its agricultural products Guatemala has gold, silver, copper, iron, lead and zinc and antimony mines, which are known, but in the majority they are as yet undeveloped. Guatemala in its large forests has hundreds of different kinds of precious woods for cabinet making and dyeing; the extraction of chicle and other gums is being developed and the rubber industry is also being adequately stimulated.

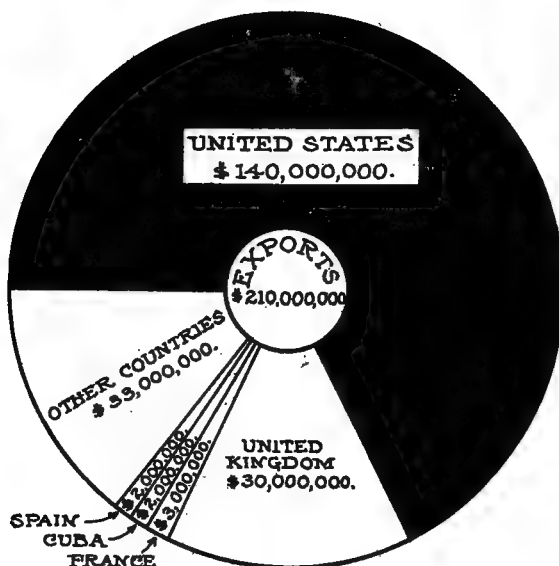
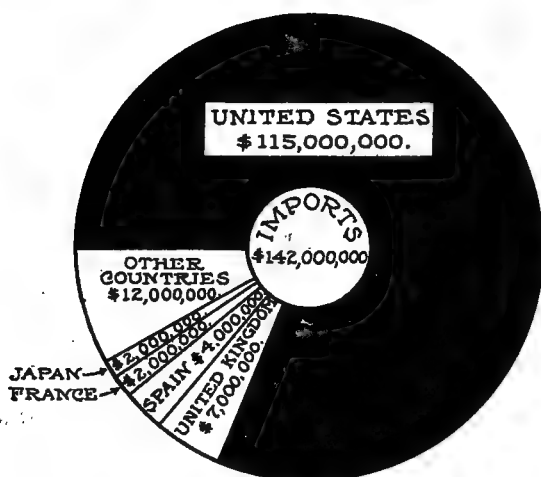
As to imports in Guatemala, cotton goods came in the first place, as far as value is concerned, next came flour and afterwards iron and steel. Before the war Great Britain sent to Guatemala large quantities of cotton goods and Great Britain and Germany large quantities of machinery and tools for agriculture and if the United States intend to hold the position they now occupy in that branch of the commerce of Guatemala they will have to take in consideration the efforts that those countries will make to regain the trade they lost.

Guatemala signed last year a treaty with the United States which refers to traveling salesmen, in accordance with what was stipulated at the Pan American Financial Conference which took place in Washington in May of 1915, which matter was taken up and developed by the High Commission on Uniform Legislation at Buenos Aires in 1916. Guatemala was the second country to sign such a treaty with the United States, which treaty has been lately approved by the National Legislative Assembly. The conditions marked out in that treaty are very favorable to the agents of American corporations and industries that may desire to establish commercial relations with us or who may have already established them and the Legation here will be only too glad to give all possible information referring to permits and rules and regulations.

MEXICO

FOREIGN COMMERCE 1917

TOTAL 352,000,000.



I think it important to deal with two points referring to traveling salesmen and merchandise sent to Guatemala. The first one is to try and please as far as possible the taste or necessity of the buyer, not insisting on selling to him this or that simply because his firm has it on hand and even if it does not suit or is not pleasing to the buyer. So as to be able to take that in consideration the American business man must consider the climate, customs, tastes and other general conditions which must be different in countries of another race and other geographical position.

Another matter of importance is the question of packing the merchandise. Guatemala has already constructed railroad lines which cross the important producing zones, but on account of the mountainous country, said merchandise has to be carried from the railway stations to a good many towns and nearly all the plantations on mule-back or in carts and for that reason it is very urgent that merchandise be packed in cases of a size and weight adequate to that system of traffic. The packing must also be done carefully and in a solid manner so that it can stand the trip. These are matters to which the European merchants always paid great attention to.

A third question is the matter of extension of credits, but as Mr. Alfonso Arenales, of Guatemala, refers to that matter in an article he has written for this Conference I think it sufficient to say that I agree with his ideas. Before ending this part and referring to the matter mentioned I wish to quote one of the Consular representatives of the United States in Guatemala, whose phrases are published in a Supplement to Commercial Reports, issued by the Bureau of Foreign Commerce, Department of Commerce, Washington, D. C., September 2, 1919, under the heading of "Advice to Exporters." That Consular representative gave this advice after obtaining practical experience and remaining in the country for some time, becoming acquainted with the people, their customs and tastes and taking in consideration the systems adopted by some of the American exporters, traveling salesmen, etc. He said in referring to the fact that American merchants could hold the position which they occupy today in the commerce of Guatemala:

"This can be done if merchants in the United States will remember that the seller of merchandise is in receipt of a favor and does not place the buyer under obligations in selling. If he will do this he will remember a variety of different points, which may be tabulated thus: (1) Make it easy for the buyer, by means of samples, information and language; (2) fill orders as ordered; (3) learn the geography of the country; (4) remember that a satisfied buyer means more orders.

"Men are often sent out to obtain business in Central America who seem to have the vaguest conception of the goods they handle, cost of shipment, etc., and they place the blame on the foreigners for their failures instead of putting it where it belongs. Very often an American house will have an expert at a large salary to take care of the business in different parts of the United States, but will place a \$15 clerk in charge of its new export department. It may seem a small mistake to send goods ordered by San José de Costa Rica to San José de Guatemala, but the result is worse than if an order intended for John Smith, Albany, Oregon, was sent to John Smith, Albany, N. Y. "Knowledge is power" and especially is this true in handling foreign trade."

So as to be able to inform those who may desire to visit Guatemala I can state that the climate of the Capital is ideal. In 1914 during the "warm" months, from May to July the maximum temperature was 98, 89, 92 and 92 degrees F. respectively, and in October, November and December it was 82, 78 and 82 F. The minimum in December was 41 degrees F., and in January and February 47 and 49 degrees F. It can be easily deducted that the temperature has a very limited margin for changes. The minima were not as low as either in Florida or California or the maxima nearly as high as in California.

I can assure any one who takes a trip to Guatemala that he will never repent it. Communications by steamship between the ports of New Orleans and New York and Puerto Barrios and Livingston, on the Atlantic Coast, are very regular and there is always at least one ship a week. On the Pacific side steamship service is made between San Francisco, California, and the Guatemalan ports of Océ, Champerico and San José. From both coasts one can reach the Capital

comfortably and in a few hours, by the interoceanic railroad line and one can enjoy a very interesting and picturesque trip.

Guatemala has Consuls General in New York City, San Francisco, California, New Orleans, Chicago, San Juan in Porto Rico, etc.; Consuls in Mobile, Boston, Providence, R. I., Seattle, Baltimore, St. Louis, Galveston, Kansas City, Louisville, Philadelphia, etc.; Vice Consuls in Chicago, Boston, Pensacola, San Diego, California, etc., and they are all ready, having received special instructions to that effect, to give all possible information and data to American business men and to give them also all the facilities for the shipping of their goods, etc., etc.

The President of Guatemala is a very progressive statesman, he is a great believer in commerce for maintaining good relations with other countries and he has a special predilection for Americans. His wise and just administration is paying great attention to the commercial relations with this country and he is making every effort to develop them by all possible means; this Government gives all facilities within its reach to merchants who desire to do business with us. The hospitality of the Government and the people of Guatemala is proverbial, we await you gentlemen, you will be received with the greatest cordiality and good will. You can send us your industrial and agricultural products, we can reciprocate by sending you ours.

NEW ENTERPRISES IN GUATEMALA

BY SEÑOR MARCIAL PREM, ADVISER TO SPECIAL GUATEMALAN MISSION.

I am not going to write a literary article. I am merely going to give you a general idea of certain important enterprises that might be carried on in Guatemala, which would be of great benefit to that country, and a magnificent investment for American capital, on account of the splendid and satisfactory profits which will be derived from them.

I shall, therefore, say nothing about the commerce proper as relating to imports and exports of merchandise, etc. I shall confine myself to suggesting in a few words some of the transactions that can be carried on with regard to transportation, communication, electric light and power and other lines without entering into minute descriptions of that beautiful country, its geographic situation, its diversity of climates and the wonderful fertility of its soil.

There are in Guatemala great facilities for developing as much water power as may be needed, and for transforming it into electric or mechanical power for innumerable as well as profitable industries and enterprises. It would take too long to enumerate them in detail, and for this reason I confine myself to calling your attention to the facilities and advisability of building electric railroads or street-car lines for the transportation of merchandise and passengers, and whose plants could also be utilized for producing electric light and power to satisfy the needs of the different towns, and agricultural centres.

One of the electric trolleys or railroad lines that might be established to great advantage would undoubtedly be the one joining the town of San Felipe with the city of Quezaltenango for which the Government has already granted a very advantageous and ample concession which the concessionaire would be ready to sell under favorable terms. This line would serve the richest and most populous departments in the Republic which are known under the general name of "Los Altos." These departments are: Retalhuleu, Mazatenango, Quezaltenango, Totonicapán, Sololá, San Marcos, Huehuetenango y Quiché.

The distance between San Felipe and Quezaltenango is approximately thirty-two miles. San Felipe is at height of 2,500 feet, and Quezaltenango, at 7,500 feet above the level of the sea, so there is an ascent of 5,000 feet in a distance of thirty-two miles. Not far from the coast line is the Samalá River which would furnish the necessary water power.

In order to realize the importance that this line would have, it is necessary to have an idea of the trade traffic in the "Los Altos" departments. This traffic consists in the exports which are made directly through the ports of Champerico and Ocos and the Mexican frontier via Ayutla; one-third of the exports that enter into Guatemala through Puerto Barrios destined to the departments referred to, and of the merchandise which is brought and carried directly from the capital. All of this comes over the San Felipe road, it being one of the easiest and one

of the most rapid routes. The total movement of this traffic might be estimated as follows:

| | Tons |
|---|--------|
| Imports from Champerico and Ocos..... | 5,000 |
| Exports from Ayutla | 1,000 |
| Exports from Puerto Barrios..... | 6,000 |
| Regular freight from the coast and from other points of the Republic to Quezaltenango | 10,000 |
| Cattle for consumption in the "Los Altos" departments..... | 10,000 |
| Freight from Quezaltenango to the coast and other points.... | 5,000 |
| Total..... | 37,000 |

Estimating the freight rates at only one dollar per one hundred tons, the total income would be \$740,000 to which should be added the revenue from the passenger traffic which might be estimated at \$180,000. Based on these estimates, the gross earnings of the line would not be less than \$922,500 per year, and it is reasonable to assume that with the greater facilities for transportation to be secured with the line, the traffic would increase considerably.

Since the cost of building the line would not exceed in any case \$1,000,000, nor would the maintenance expenses be over \$200,000, there would be a net profit per year of nearly \$700,000. This on a invested capital of \$1,000,000 would represent a net profit of from 60 to 70 per cent per annum, which would certainly be most satisfactory especially if we bear in mind also the increase in value which the bonds of the company would have from day to day.

With respect to electric light service in Quezaltenango, I can give the following information:

For street lighting, from 800 to 1,000 large lights might be provided which would be paid for by the municipality, and more than 1,000 small lights for private houses. This would be a sure additional source of income in the business that would be established at the same time in connection with the proposed electric line of which I am speaking. The broadness of the concession referred to allows for the enlargement of the electric road, light and power to the many neighboring towns. In addition to this important line many other minor, though almost equally profitable lines, might be established all over the country.

As the beautiful city of Guatemala was almost destroyed by the earthquakes of December 1917, and January, 1918, it is absolutely necessary to rebuild it. The new constructions should be made according to the modern style of architecture, and should be not only comfortable, but also earthquake proof. The planning of the city should be an improvement over the old one. This, naturally, gives origin to many good and safe business enterprises in which American activity and capital will find a most ample and profitable field.

For the Government and Municipality buildings to be constructed, contracts would have to be entered into with the supreme Government and Municipality. Both would provide all interest guarantees. The buildings would have to be constructed on partial-payment plan along the lines followed in this country for the sale of houses on the instalment plan.

The best and most solid basis for erecting a modern city is undoubtedly to equip it with a good water supply system and with water in quantities sufficient to meet the needs of the whole population, together with a good sewer system.

For the water supply there is a marvelous fall nearby with magnificent, crystalline pure water which can be taken from its own sources to supply the city. In the driest season of the year this fall carries 44,000 cubic meters in twenty-four hours. It would be necessary to raise this water to 800 feet so that it may reach the city easily. For this there must be established a plant for developing 2,000 h. p. with the necessary pumps for raising the water. All this would be comparatively easy, and would cost more or less \$1,000,000. Every two cubic metres per twenty-four hours could be sold at 200 pesos gold, because that is the price they now charge in spite of the fact that the present water is poor and the system is defective. The earnings from this service might be estimated at \$2,000,000 which would leave a good profit. In addition to the water supply purposes this plant could be used to generate electric light and power at a price lower than the present. In a word, the business would be perfectly guaranteed and the invested capital would not run any risk.

Other enterprises of great importance might also be undertaken. There are in the Republic large tracts of excellent lands for the cultivation of sugar, cotton, bananas, corn and other cereals, but they lack water. An irrigation system either by artesian wells, or by canals, would be a safe and very profitable business for which purpose an adequate concession can be obtained from the Government.

Another enterprise of vital importance to the country, because it would provide it with a waterway from the sea to very nearly the capital city, would be the canalization of a beautiful river which would be a comparatively easy undertaking because the bed of the river is soft and there are no rapids, falls or other obstacles along its course.

In the above lines I have only tried to sketch a few of the many undertakings that could be carried out in Guatemala, but I hope that they will suffice to give you an idea of the wide and magnificent field that American capital and enterprise can find there. Guatemala is a new country still undeveloped and possessing the conditions for large investments of capital with the best and safest probabilities of success. The Republic has the additional advantage of being near the United States. The trip is short, easy and economical. One can reach Guatemala from Washington in seven days, thus: Two days from Washington to New Orleans; three or four days from New Orleans to Puerto Barrios, and one day from Puerto Barrios to Guatemala City. I believe it would be very advisable for American capitalists and business men to study and know our country. They would find the trip interesting and picturesque, and the climate healthy, the people affable and accommodating, and the Government, presided over by the eminent Dr. Manuel Estrada Cabrera, progressive and ready to encourage and protect everything that means improvement and welfare for Guatemala.

If any person or corporation may think that it is possible to carry out in Guatemala any of the enterprises above pointed out, and wishes any further information, I shall be glad to furnish it upon application addressed to me at 1533 Eye Street, Washington, D. C.

TRADING WITH GUATEMALA

BY SEÑOR ALFONSO ARENALES, OF GUATEMALA

The success attained and which can be appreciated more every day in the tendencies of this Institution must be the motive of legitimate pride on the part of the supporters of the Pan American Union. The close relationship of the twenty-one Republics which form the great American family, is due largely not only to the nobleness of purpose but to the efforts of its Governing Board. The meeting of the Second Commercial Conference is a propitious occasion to praise its merits, but how could this be done better than by reviewing its triumphs?

At no other time has the meeting of this Conference been so much desired as it is today. The nations of the whole world feel the commanding necessity of repairing the breaches opened by the war in their commercial interests. The nations of America in particular, see in the hour of peace, a new path open to their very ample development, and it is only natural that, without loss of time and with praiseworthy eagerness to recover from the past four years of forced inaction, they should accept with unanimous sympathy and true enthusiasm, the opportune initiative of the Pan American Union.

Guatemala, perhaps one of the smallest of the nations represented at the Conference, but undoubtedly one of those with the greatest enthusiasm for all that which means development and progress, sees in it a new opportunity to present to the capitalists and industrial men of the United States, the large field of its natural resources and productive investments. The very disaster that destroyed its Capital in the last days of 1917, amplifies the radius of action of those resources, enlarging the opportunities with a sure reciprocity of profit.

There is a high significance in the signing of the Treaty referring to Traveling Salesmen and Agents, between the Governments of the United States and Guatemala. This Treaty involves the most ample guarantees at the same time as the greatest advantages to all those who desire to put their merchandise on the Guatemala market. But necessarily we have to insist in recommending to the exporters and manufacturers of the United States, that if it is desired that the treaty may have the good results expected when signed, the selection of their

traveling salesmen must be one of the matters to which particular attention be paid.

And again, as the economical conditions tend to their definite settlement, we believe opportune also to suggest to the same exporters and manufacturers the idea of a more minute study in reference to extension and expiration of time for payments.

The system which up to now has been followed by American merchants has been, with very few exceptions, "payment on presentation of bills of lading, drafts, invoices, etc." Such conditions on many occasions have a burdensome result for our business men and without any advantage to the exporters, have a tendency to limit sales and orders, reducing them to the strictly indispensable. And it is easy to understand then that the slightest importance of an order or sale is reduced in a positive manner to the profit in the transaction.

One must consider, so as to better understand the necessity in which the exporters find themselves to seek a new system of credits for the consumers, and the justice of the merchants of Guatemala in asking for a modification of the system of today, that if it is true that our ways of communication and means of transport are of the most efficient, many a time the nature of the country itself does not permit the immediate receipt of the merchandise, cases occurring to some merchants in which they have to cover amount of their obligations before having any knowledge of the merchandise that represents them. All the banks established in Guatemala, and specially the Bank of Guatemala, have a perfect system of information and of collecting, which is naturally a great advantage for the establishment of a new system of the extension of credits and collection of payments.

The Guatemalan merchants have been waiting until the European markets may be in a condition to supply them with their commodities; but it is a well known fact that those markets for the present will only be able to meet their own necessities. To satisfy those of Guatemala, the variety of American products is large enough and their quality leaves nothing to be desired. We, therefore, believe that the moment can be taken advantage of without great efforts to supply with positive utilities the lack of European commodities, with the assurance that when American manufactured goods are well known, they will undoubtedly obtain the first place.

It can be understood that European imports should have held the position of preference in the trade of Guatemala, in spite of the distances and the lack of steamship communications, because the consigners, who were better acquainted with the conditions and necessities of the country to which the merchandise was bound, offered to the consumer all kinds of considerations and facilities in the carrying out of their business. The usual terms for payment required by the European exporters were in no case less than 90 days, which terms in most cases are extended to twice that time. They do not collect interest on bills accepted and paid when due, and only in case of an extension of time. The usual interest in such cases is never over 4 per cent. a year.

There is also another kind of credit which can be presented to the consideration of American business men. A credit which might be called "agricultural credit." Up to now it has been the German capital which has increased most in this kind of business in Guatemala, but the circumstances of today oblige the Guatemala agricultural business man to seek new bearings and get away from such a guardianship. The conditions of the credits obtained can be easily understood by the fact that with an astonishing rapidity many of the most valuable plantations in Guatemala have become German property, thanks to the cunning dexterity with which the Germans worked out their liquidations.

It would not be possible to give details as to the conditions under which such credits might be extended; it would be tedious to enumerate the conditions and necessities of each one of our agricultural business men. But, it would be convenient that those who are interested should guide their steps towards easier paths so as to unite with the bonds of interest two nations which so expontaneously have united with the bonds of friendship.

HAITI

HAITI—PAST AND PRESENT

BY MONS M. CHARLES MORAVIA, MINISTER OF HAITI.

(Read at the Afternoon Session of Tuesday, June 3)

Ladies and Gentlemen: Being a new comer amongst my colleagues of the Governing Board of the Pan American Union, and consequently being the least known, and speaking in French in this Conference where English and Spanish are the prevailing languages, I appear before you as a living symbol of the country I have the honor to represent. Haiti offers indeed this peculiarity that it is the only French speaking Republic in the Americas. This fact, surprising to those who do not know its historical reason, is one of the causes of the isolation in which the Black Republic has been maintained. It is one of the reasons why Haiti is so ill-known, one that makes her American sister Republics look down upon her as if she were a stranger.

Haiti is not only little known, but she has always been systematically disregarded, and the legends which have been forged on her account by travelers with a superficial mind are still circulating, while truth, the simple truth is vainly struggling against them. And if it is true that Haitian history contains unfortunate pages, how many glorious ones have been written in the Annals of Humanity by this little people!—pages so wonderful that it seems as if it had been in the plans of Providence to make the smallest country accomplish the greatest things. And, indeed, was it but a small achievement for this black people to conquer their independence by force of arms, after a glorious fight, as early as 1804, when practically the whole of America—with the exception of the United States—was made up of Spanish or English possessions? Haiti was the second country in this hemisphere to proclaim its independence, and this fact is the more remarkable when we consider that it was not only independence but also liberty that the Haitians conquered when they shook off the yoke of the mother country at the time France was at the zenith of her power. One year after the battle of Austerlitz, one year after Napoleon had dictated the peace of Amiens to a vassal Europe, the Haitians, thanks to their courage alone, defeated a French army composed of 25,000 of those troops which had entered the gates of the European capitals as victors; and in doing so they not only created a new fatherland, but proclaimed the abolition of slavery, nearly three quarters of a century before the great Lincoln, thus crowning by the accomplished fact the great work of the French Revolution: the proclamation of the Rights of Man.

You will forgive my pride, but I must tell you that there is not a more glorious page in the history of the world.

But this is not all that the Haitians did for the sacred cause of Humanity; the breath of God was on them. When the immortal Bolivar, vanquished and a fugitive, after the failure of his first effort, was seeking a place of refuge as well as help, it was in Haiti that he found both. The leader of the second American Republic, the chief of the Black people, in supplying Simon Bolivar with men and money, allowed him to resume the struggle, and to become later on the glorious liberator of the United States of Venezuela. This fact is but little known, although it has not been forgotten by the Venezuelans who have erected in a public place of Caracas, among their national heroes, a statue of Alexandre Pétion, President of Haiti.

Thanks doubtless to the physical smallness of Haiti, the example set by this country in freeing herself contributed even to a larger extent than that of the United States to the liberation of the Americas. It seems to me that this fact gives to my country not only an imperishable title of glory but also an incontestable right to the fraternal sympathies of every countries in this hemisphere.

I know that I shall surprise not a few in unveiling history in this manner, but I will perhaps surprise you even more in telling you that the Haitians were so evidently designed by Providence to participate in all the struggles for liberty and to cooperate in all the emancipations, that they also shed their generous

blood on the North American soil for the independence of the United States.

It is written in indelible characters in history that Admiral d'Estaing, sent by France to the help of George Washington, completed his army by raising in Haiti a corps of 800 volunteers, negroes and mulattoes, who, mixed with the French soldiers, took part in 1779 in the siege of Savannah.

Let me cite to you another trait of Haitian heroism. In 1903, only 16 years ago, a Haitian despatch-boat having dared to exercise the right of visit on board of a German merchant vessel, the arrogant William II. sent at once the cruiser "Panther" with orders to seize the little boat, which was then anchored in the port of Gonaïves. Ordered to lower his flag, the Haitian admiral—his name was Killick—being unable to resist as his ship was not under steam, instructed his crew to disembark; and when left alone on board, the officer blew up his vessel and went down to his death, preferring to bury himself in the flag rather than to lower it before the enemy. Compare, Ladies and Gentlemen, this magnificent deed with the ignominious surrender of the German fleet in November last, and judge for yourselves.

I have said already that the Haitians seem to have been marked by Destiny to participate in every battle fought for the sacred cause of liberty, it is not then surprising to see now the Republic of Haiti represented at the Peace Conference after having taken her place amongst the nations which fought German tyranny. To be sure, Haiti being only a small country has not materially contributed to victory, but you must know that even before their government had declared war on the German Empire, a great many Haitians had spontaneously left for France in order to enlist in the French army; and such was the conduct of these volunteers on the firing line, such was the bravery and their heroic enthusiasm, that the little bicolored flag will for ever have a place in the Memorial which is being erected in honor of the defenders of Verdun.

Doubtless, you are wondering why I am dwelling at such length on points of history, and you may very well think that I am straying from the subject which I have been invited to speak upon. However, far from straying from the question, I am getting at the bottom of it. If we want indeed to see closer commercial relations established between Haiti and the other Pan American countries, the first thing we must do is to promote a better understanding and a friendly feeling between the interested nations, and to destroy legends and remove prejudices; in other words, we must create this harmonious spirit which is the very basis of business relations.

This is the reason why I have not come to you with statistics which can be found in publications. I have not come here to tell you that the Haitian soil has been recognized even by our worst detractors as one of the most fertile in the world, and that, with the internal peace which is being made secure thanks to the friendly assistance of the United States, my country is assured of a rapid agricultural and commercial development; all things that you know or can easily learn.

I wanted to tell you—a fact not generally known, and perhaps maliciously kept in the background—that while Haiti may have her defects, and although the militarism, which helped to establish our nationality and was maintained through circumstances which would require too much of your time to be explained and justified, kept my country outside the path of material progress, the Haitian people are far from being what the unjust and injurious legend has represented them to the outside world. Whatever the Haitian people have been in the past and whatever they are now, the fact that they have accomplished great things and have set an example to all the people of this continent, the fact that they have shed their blood on many sacred battlefields, and have, in spite of adverse circumstances, produced many remarkable men in the realm of arts and letters, all these facts entitle them to the fraternal consideration of the other Pan American people.

Sympathy creates interest, interest is an incentive to study and study enables men to discover business opportunities. This is the reason why I am pleading before you the right of Haiti to the sympathy of her twenty American sister Republics.

Our material progress rests largely with the United States. What we need is American capital and American enterprise. We need rural banks; we want you to learn to appreciate the products of our soil which, before the war, went

principally to Europe. In conclusion I will say that my country, before which a new era is coming, asks nothing else than a fair chance to develop her resources, her unexploited riches, for her own benefit and for the advantage of the great market to the North: the United States.

May this Conference result in promoting an active interest in Haitian affairs, and may this interest lead to the sympathetic study of the possibilities of the Black Republic, so that one day it can be said that Pan Americanism, which stands for union and solidarity of the people of this hemisphere, has contributed to their complete development.

The Republic of Haiti occupies the western part of the island of the same name, the eastern part being the territory of the Dominican Republic. Its area is 10,200 square miles and its population is more than two millions. The language is French.

The development of Haiti has been paralysed by a succession of ruinous revolutions of political character, due to the ambitions of individuals or groups to acquire financial benefits accruing to or controlled by the office of the President rather than to any uprising of the people as a whole. For in spite of all contrary appearances, the people are very peaceful and have always been rather passive in the hands of the professional politicians who exploited their ignorance. As the general conditions were growing worse and worse, the Government of the United States intervened, and in September 1915 a treaty was signed between the two countries establishing a United States financial and police protectorate for a period of ten years with provision for an additional ten years. This treaty, being a guaranty of internal peace, good order and sound administration of the public funds, marks the opening of a new era for Haiti.

Besides the numerous revolutions which created a sense of instability, there was another barrier to the material development of the country: it was the article 6 of the Constitution preventing a foreigner from owning Haitian land. This obstacle was removed last year when a new Constitution was voted wherein that article has been amended in such a way that the foreigner may acquire Haitian land provided he lives or maintains an establishment in Haiti.

The climate of the country is essentially tropical; epidemics are very rare. The health of the United States Marines, some of whom have been in Haiti for more than three years is reported as unusually good in spite of their living under hard military conditions. As to the soil, it is one of the most fertile in the world.

The principal products exported are coffee, cocoa, cotton, logwood, lignum vitae, fustic, mahogany, castor beans, cottonseed oil, corn, honey, beeswax, hides, goatskins, sisal, sponges, turtle shell, fertilizer.

The principal articles imported are building materials, bricks and tiles, cement, steel, lumber, light carriages, chemicals and drugs, dry goods, furniture, hardware, jewelry, machinery, notions, oils, paints, provisions, preserved food, salt fish, pork, beef, rice, flour, soap, wearing apparel, stationery.

Before the war, most of the exports went to France, England, Germany, Holland and Italy, as most of the imports came from those countries also, because those markets were far more advantageous than the American market. The war caused a change and Haiti had to buy from and to sell to the United States. It is presumable that after the restoration of normal conditions the Haitian products, due to better prices obtained in Europe, will preferably go there; but the United States may retain a part of the trade.

In order to prove a profitable field for American interests, Haiti must be developed, and to that end, needs American money and American enterprise. The Haitian soil which is wonderfully fertile can produce abundantly, besides its present products, bananas, oranges, lemons and pineapples of the best kinds if modern methods of culture are employed. Agricultural enterprises would provide employment for thousands and thousands of Haitians and at the same time serve as an example to the natives who would become money makers themselves, and consequently spending more for comfort and pleasure, would increase by a great deal the volume of commerce. The United States, being the nearest great country, cannot but take advantage of that development. The example of Cuba is conclusive.

So far the benefit of the American-Haitian treaty is felt only in the fact that the country is enjoying internal peace, that good roads have been built and

sanitary conditions improved; but the conditions brought about by the world war were very prejudicial to the Haitian commerce and the country suffered heavily. It is to be hoped that now that normal conditions are going to be restored, better results will be observed in the near future.

Two American enterprises of importance have been established in Haiti during the three past years. The Haitian American Corporation, 25 Broad Street, New York, has built at an expense of more than three million dollars a Sugar Centrale which is one of the largest in the West Indies; the plant is working now and sugar is being exported to the United States.

The United West Indies Corporation, 50 Broad Street, New York, planted castor beans and gathered crops from five thousand acres, the article being in great demand during the war, and so successful was the enterprise that the Company is contemplating a great extension of its activities in Haiti. They obtained by purchase or lease the total of approximately 400,000 acres of land and are planning to plant tobacco and cotton, to establish modern cotton gins and cotton seed oil mills, and are considering also raising cattle and establishing dairy farms.

The following synoptic table shows the export of the principal product for a period of ten years:

| | Coffee. | Cocoa. | Cotton. | Logwood. |
|---------------|----------------|----------------|----------------|----------------|
| | <i>Pounds.</i> | <i>Pounds.</i> | <i>Pounds.</i> | <i>Pounds.</i> |
| 1907-08. | 60,649,613 | 5,918,968 | 3,062,440 | 109,237,870 |
| 1908-09. | 39,136,535 | 4,433,282 | 3,527,359 | 88,408,031 |
| 1909-10. | 77,417,662 | 4,152,660 | 3,778,118 | 96,861,639 |
| 1910-11. | 51,795,619 | 3,228,350 | 4,198,227 | 75,197,092 |
| 1911-12. | 79,276,555 | 6,905,338 | 4,338,837 | 94,870,193 |
| 1912-13. | 57,593,830 | 3,919,120 | 4,287,722 | 97,198,150 |
| 1913-14. | 81,484,525 | 6,629,844 | 3,492,458 | 72,080,450 |
| 1914-15. | 36,260,085 | 4,200,406 | 2,492,982 | 49,832,611 |
| 1915-16. | 45,062,354 | 3,395,554 | 2,896,870 | 231,258,891 |
| 1916-17. | 47,235,925 | 3,860,571 | 4,604,671 | 94,379,561 |

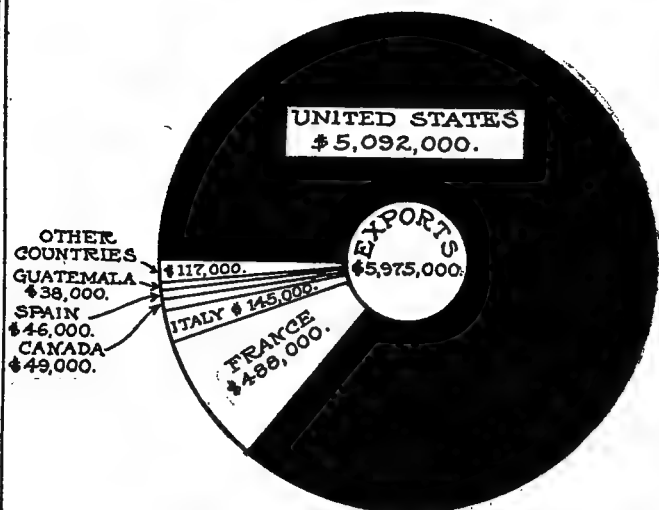
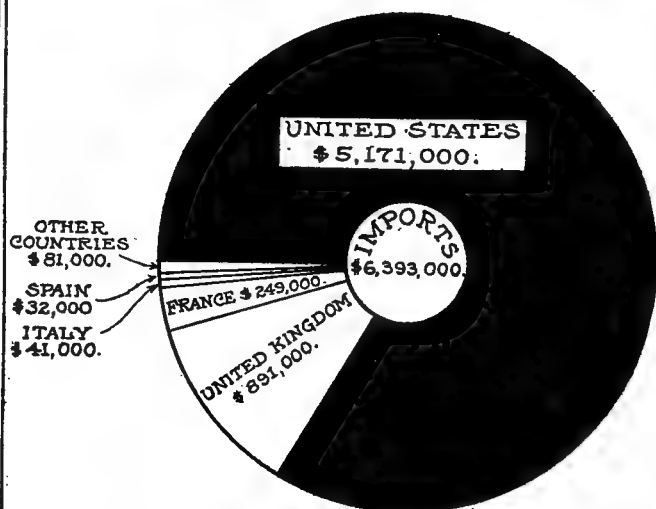
The revenues of the Haitian Government from custom duties and other taxations amount annually to more than four millions of dollars. The total debt, interior and foreign, is about thirty three millions.

Various claims have been made as to the mineral resources of Haiti. Lignite has been found in three different points of the Republic, in the north and in the south. There are copper mines near Gonaives, and oil also has been found.

NICARAGUA

FOREIGN COMMERCE 1917

TOTAL \$ 12,368,000.



HONDURAS

DATA ON THE FINANCES, INDUSTRIES AND COMMERCE OF HONDURAS

BY SEÑOR R. CAMILO DIAZ, CHARGÉ D' AFFAIRES OF HONDURAS.

(Read at the Afternoon Session of Tuesday, June 3)

Mr. Chairman, Messrs. Delegates: I am honored and pleased to submit to you the following data. They contain first hand and detailed information concerning the geography, finances, industry and commerce of Honduras.

Geography.—The Republic of Honduras has an area of 44,275 square miles with a population of 800,000. Its boundaries are: to the north, the Caribbean Sea; to the east, Nicaragua; to the south, Nicaragua and the Pacific Ocean, and to the west, Salvador and Guatemala. Its coast on the Caribbean has a length of 600 kilometers with many bays and inlets. The length of the coast on the Pacific is 85 kilometers and is formed on the Gulf of Fonseca, one of the best bays on the west coast of America. The general topography of the country is mountainous, with extensive plains and tablelands. The climate is splendid. In the plateaus the temperature varies between 5° and 15° centigrade and in the valleys and coasts it does not rise over 30°. The fertility of the soil is due partly to abundant water as the territory of the country is crossed by many rivers some of which are navigable. The Republic of Honduras offers a wide field for the investment of foreign capital in the development of banking, commercial, industrial, agricultural and mining enterprises.

Banks.—There are in the Republic two banks, the Bank of Honduras, and the Bank of the Atlantida. With this latter, the Bank of Commerce was recently merged. These two banks do not fill either the domestic or foreign needs of the country, because they charge an enormous rate of interest on loans and mortgages—12 per cent per annum—and besides they have no branches in the principal commercial centers of the world. For this reason the Mercantile Bank of the Americas, and the American Foreign Banking Corporation of New York, have sent commissioners to Honduras for the purpose of establishing branches in the country.

Currency and Exchange.—By virtue of Government decree, the standard of value of the Honduran silver peso has been fixed at fifty cents American currency, and in view of the fact that the Honduran peso was recently quoted in this country at seventy-five (75) cents, United States currency, the Government has prohibited the exportation of silver coins. By reason of the fluctuation to which silver has been subjected for the last thirty years, the Honduran Government has now under consideration the establishment of the gold standard. With a subsidiary silver coin of the same alloy used for the United States silver coins it is believed that this measure will prevent the exportation of silver coins such as has taken place with the silver coins of Honduras, Guatemala and Salvador which left the Republic attracted by the high prices offered by the New York market.

Commerce and Industry.—If the statistics for the fiscal year 1911-1912 be compared with those of 1916-1917, it will be noticed that the trade of the Republic has almost doubled in value; in 1911-1912 it amounted to \$7,397,492 gold; and in 1916-1917 to \$14,323,339 gold, or an increase of \$6,925,847. During the last few years the balance of trade in favor of the Republic has been, as a rule, 50 per cent.

Any enterprising individual will find in Honduras a magnificent place for profitable investment by undertaking industries of various kinds. Almost all of important commercial firms in the country are European and American, many of them having branches in the principal trade centres of the Republic.

During the last eight years the different administrations of Honduras have devoted a great deal of attention to the promotion of foreign trade. After the Panama-Pacific Exposition closed, I was commissioned by my Government to distribute the exhibits of Honduran products, which were presented at that exposition, among the Honduran Consulates in the United States and also among several institutions, such as the Philadelphia Commercial Museum, which, after the Pan American Union, is one of the institutions that carries on the most extensive propaganda on behalf of the commerce of the Americas, likewise the Government has established Bureaus of Information in the consulates in New York, New Orleans, San Francisco, Chicago and Mobile.

Recently the Government of Honduras sent a consular mission to Buenos Aires, and the Argentine Government in turn opened a consular office at Tegucigalpa. Recently there have been entered into commercial reciprocity treaties with the neighboring Republics of Salvador and Nicaragua. Negotiations are now under way for the establishment of branch agencies in Honduras of the Mercantile Overseas Corporation, in connection with the Mercantile Bank of the Americas. Experience has shown that one of the most efficient means for promoting trade is that of maintaining permanent exhibits of foreign merchandise. This system has given magnificent results in Honduras, as has also the sending to that country of expert travelling agents who know the Spanish language and who are familiar with the customs and needs of the inhabitants. The Hondurean law gives commercial travelers all facilities for the importation of their samples free of duty.

The Chamber of Commerce of Honduras has under consideration the establishment in its building of a permanent exhibit of the agricultural and mineral products of the Republic; it also has in mind the compilation of statistical data for the purpose of facilitating research by those interested in the commercial affairs of the country.

Another means which has given satisfactory results for inter-American trade in this country has been the exposition of moving pictures describing Latin America.

The trade of the United States with Latin America could be increased if Latin American importers were granted reasonable credit terms for the payment of their orders. At present the longest period granted is sixty days which frequently elapses before the merchandise reaches its destination. In many cases American exporters require payment in advance and this is done even with highly-responsible firms. The European exporters conquered the Latin American markets due to the long credits which they used to grant.

On account of the abnormal situation created by the War, almost all the import and export trade of Honduras has been carried on with the United States. The trade with the neighboring and European countries has been secondary. Under normal conditions the trade of Honduras with the other countries of Latin America has not been developed on account of the lack of maritime connection. For instance, our tobacco merchants export considerable quantities to Peru, but in order to send their merchandise to that country they have to ship it first to the ports of the Atlantic via New Orleans, Colon and Panama. When the shipment reaches Callao it has undergone four transshipments, after having spent several months in transit. In order to overcome partially this obstacle the firm of Bueso Brothers, of Santa Rosa de Capan. The principal tobacco firm in Honduras purchased recently a steamer to send its product from Puerto Cortes to Callao via Panama.

With the scientific methods lately employed in Honduras in the cultivation and manufacturing of tobacco, this industry has improved remarkably. The United States market is favorable for the consumption of Hondurean tobacco, but on account of the heavy customs duties the product cannot be imported into this country. In my opinion, there would be no difficulty for this Government to lower these duties under the treaty entered into between Honduras and the United States July 4, 1864, which contains the most-favored-nation clause. The same duties on Cuban tobacco might be made applicable to Hondurean tobacco.

During the International Exposition of Guatemala in 1897, our importers became acquainted with Chilean products, particularly canned food, cereals and wines, but we have been unable to cultivate commercial relations with Chile because the exporting houses from that country have not sent agents to Honduras, and also on account of the lack of regular steamship communication. Honduras has always gotten its supply of flour from the United States, but in the last months of the War the American Government was compelled to prohibit the exports of flour in order to meet the needs of the country, and to supply the allied armies in Europe. For this reason the importers in Honduras sent orders of flour to Chile, but the importers in the north and west of the Republic were not able to secure any amount on account of the lack of means of transportation between the Atlantic ports and Havana and Colon to which the Chilean exporters sent large shipments to supply the West Indies and Central America. After the United States entered the War, Honduras exported to the American markets raw materials for the manufacture of war munitions and foodstuffs for the maintenance of the Army, such as, mahogany and castor oil for aeroplanes and motors, shells for gas masks and sugar and cereals.

The proposal submitted to the Conference by Mr. Nicolas Hernandez of Havana, Cuba, suggesting the advisability of codifying the financial and customs laws and regulations of the Pan American countries, is very wise, because such a codification will tend to develop and promote inter-American trade.

Shipping and Steamship Lines.—Even before the War the maritime communications with Honduras were not commensurate with the needs of the country, and the situation at present is worse. This applies particularly to our largest port, Amapala in the Gulf of Fonseca on the Pacific Ocean. Of the five steamship lines which plied to the southern ports of the Republic, there is only left the Pacific Mail Steamship Company and recently this line suspended its services to that port, its steamers plying at present between Panama and San Francisco and stopping at Amapala very irregularly, this being due, perhaps, to the fact that the steamers were requisitioned by the United States Government during the War. For the same reason, the Ward Line was compelled to stop service to the above mentioned ports. Amapala is a port of entry for merchandise destined to the departments of the south, centre and west of the Republic, and through the same port are exported the products from the same departments.

The business men of the country suffer serious losses from the indefinite storing of their merchandise in Panama where the cargoes consigned to them must remain until there is an opportunity for transhipment to Honduras. On the Atlantic coast the steamers of the Cuyamel Fruit Company ply between New Orleans and Omoa and Puerto Cortes; those of the Tela Railroad Company and of the United Fruit Company ply between New York, Puerto Cortes and Tela; and those of the Vaccaro Brothers and Company between New Orleans, La Ceiba, Trujillo and Roatan. It is imperative that the Tela Railroad Company or the United Fruit Company should send from New York at least two monthly steamers, touching at Puerto Cortes and Tela.

The coastwise and interior communication in the country is being improved constantly by the Government and the different private companies. Lake Yojoa is now served by several steamers, launches and tugs of the Hondurean Navigation and Transportation Company. The Republic has several navigable rivers, the principal one emptying into the Atlantic Ocean. In Roatan Island there are two very good shipyards which build and repair the greater part of the sailing vessels that ply between the Atlantic coast ports of Central America and the United States. Recently there were built in one of these yards five sailing vessels of considerable tonnage for Cuba, and several others for Florida.

Agriculture and Forestry.—Agriculture is the principal resource of the country, and the Government as well as individual enterprises have contributed always to its development. For the purpose of improving the cultivation and manufacturing of tobacco, the Government has established a school of tobacco culture whose results have been most satisfactory. It has also established two experimental farms and has already undertaken the organization of rural agricultural schools. Mr. S. Zemurray, an American, on the other hand, has already taken steps for the foundation of an agricultural college, in the Department of Cortes. Recently there have been organized different agricultural and industrial corporations which are strongly financed and are sure to be successful. The principal agricultural products of the country are bananas, cocoanuts, pineapples, oranges, sugar-cane, rice, sarsaparilla, as shown by the fact that they have always been awarded the highest prizes in foreign expositions and been quoted at high prices in the foreign markets.

The cultivation of wheat, henequen and sugar is now being undertaken on a very large scale. Honduras occupies the first place among the Central American Republic in the production of bananas. Its exports to the United States for the fiscal year ending July 31, 1917, amounted to 9,970,773 bunches valued at \$5,742,273.90.

The forest wealth of Honduras is considerable, there being large woods of mahogany, cedar, pine, etc. The transportation of these forests is facilitated by navigable rivers and several railroad lines on the Atlantic coast. In the Philadelphia Commercial Museum, may be seen a complete collection of samples of the various precious woods of the country.

Live Stock.—This is one of the most important resources of the country. In the last few years, the exportation of cattle to some of the Latin American countries has been done on a very large scale, it being preferred in those markets on account of the excellence of its meat. Exports have also been made to the Southern States, and recently the Department of Agriculture of the United States

sent a commission of experts to investigate the cattle industry of Honduras. The report of this commission shows that the breeds are of excellent quality, that the animals were in good healthy condition and that there was a good basis in the country for the breeding of first class live stock.

Mining.—The mining industry occupies the first place in the country, the products being gold, silver, copper, bismuth and antimony, quick silver, platinum, mercury, iron and coal, etc.

The New York and Honduras Rosario Mining Company has since 1882, when it started its operations, until 1918, obtained a total net profit of \$36,204,027. In 1918 alone, its total net earnings were \$1,803,751 and the dividends paid by the company in the last few years have been twenty per cent per annum. Other mining companies, likewise doing an excellent business, are—the Paetan Heim Company, The Honduras Exploration Mining Company, etc.

Railroads and Highways.—In the last few years considerable attention has been devoted by the Government to this important means of national development. There are now in operation six lines with a total mileage of 750 kilometers, as follows: Vaccaro Brothers Railroad, Trujillo Railroad Company, Tela Railroad Company, Cuyamel Fruit Company Railroad, and Pan American Railroad. The principal highways of the country have been macadamized and are constantly being improved under the direction of the National Government itself. The immediate effect of the general improvement of the country's highways has been a constant increase in the importation of automobiles, to such an extent that the Government has found it advisable to establish a school for chauffeurs, with good results.

Ports.—The principal port of the Republic on the Pacific coast, is that of Amapala, on Tigre Island, which is constantly being improved by the Government. Other important ports are those of Trujillo, La Ceiba, Puerto Cortes, Omas y Cuyamel, on the Atlantic coast.

MEXICO

MEXICO'S FOREIGN TRADE

BY DR. JUAN B. ROJO, COUNSELLOR OF THE MEXICAN EMBASSY, WASHINGTON, D. C.

(Delivered at the Afternoon Session of Tuesday, June 3)

The noted Baron von Humboldt aptly termed Mexico as the treasure house of the world.

The list of articles produced in and exported from Mexico is a long and interesting one. First come the metals gold, silver, copper, lead, antimony, tin, zinc, mercury, sulphur, plumbago, mica, asbestos, salt, etc. Petroleum and its by-products are among the leading articles of export, having become so within the past twenty years and constantly increasing until they promise to take the foremost rank in this direction. Of vegetable products there is a large export trade in cotton, coffee, rubber, chicle, chick-peas, sisal and fibers of various kinds, tobacco, dyewoods, sugar and molasses, fresh fruits, vegetable oils, cocoa, mahogany and other hard woods, etc. Hides and skins are also exported in large quantities.

Fully eighty per cent. of the foreign trade of Mexico is with the United States and undoubtedly will always remain so, for an indefinite period. There are two chief reasons for this: geographical situation and the mutual needs of each country for the natural as well as the manufactured products of the other. Mexico produces raw materials in the shape of minerals of various kinds, hard woods, fibers, rubber, hides, oil and a great variety of other products for which there is a heavy and constant demand not only in the United States but in other countries as well. On the other hand, many of the natural products of Mexico find their way, after having entered into various forms of manufactures, back to the country where they originated and where they are consumed at a greatly enhanced cost to the producer.

At the present time, as stated, by far the greater portion of the foreign trade of Mexico is carried on with the United States. Indeed, it is a fact that there are no direct or exclusive lines of ocean transportation connecting the ports of either the eastern or the western coast with any other country except the United States. Vera Cruz and Tampico are ports of call for a single line making regular trips across the Atlantic, but which also include Havana and certain American ports in their itinerary. Such a thing as an entire cargo of Mexican products on one of these steamers is almost unheard of and the total amount of traffic handled by them is inconsiderable by comparison with that which is carried on directly with the United States.

So, too, on the west coast. Connection is made at several points by foreign owned vessels with the Orient and also with the Pacific coast of the United States and of South America, but the transportation of a full cargo of Mexican products on any regular steamer is as rare, if indeed it ever happens, as on the east coast. In this connection the shipment of petroleum products is not referred to, since from their very nature entire cargoes are not infrequently dispatched to other than American ports. The greater portion of the immense and constantly increasing exportation of petroleum comes directly to the United States, much of it being refined there and subsequently shipped to all quarters of the globe.

The greater portion of the traffic between Mexico and the United States is carried on by rail, the various trunk lines which traverse the Republic from north to south having their terminals at the border, where they connect with the vast railway system of the United States.

The Mexican railways extend to the far south and with their branch lines may be said to drain all portions of the country. The lines which touch the United States at Brownsville, Laredo, Eagle Pass and El Paso have connections with the seaports of the Gulf of Mexico, and of the Pacific Ocean to the south, while the Southern Pacific in Mexico, which is the only through line tapping the West coast, traverses one of the most productive portions of Mexico and with its vast system on the American side of the border is able to deliver products of every kind in any portion of the United States or Canada without breaking bulk or transshipping cargo. A very extensive foreign trade has been built up

by this line in the few years during which it has made the State of Sonora, Sinaloa and Nayarit accessible for direct rail communication.

The latest reports indicate a constant and rapid increase in the trade between the two neighboring countries at the various border points notably in the shipment of copper, lead and other metals.

Means of Communication.—The communications between Mexico and the ports of Central and South America were, for a long time, rather difficult; but at the present time the traffic on the Tehuantepec Railroad has become normal. This railroad traverses the isthmus of the same name, and the services of passengers and freight can be effected directly from the City of Mexico to the border with Guatemala. Connections can be made at Salina Cruz with southbound steamers for Panama.

The interoceanic traffic through the isthmus, between the port of Salina Cruz, on the Pacific, and Puerto Mexico, on the Atlantic, and vice versa, can be accomplished in ten hours. The two terminal ports have all modern facilities for loading and unloading vessels. The Tehuantepec route compared with that of Panama affords a great saving in mileage and transportation expenses.

It is the earnest desire of the Mexican Government to enter into closer and open commercial relations with all the Latin American countries. Its desideratum is that vessels leaving Mexican ports may do so loaded with petroleum, sisal, metals, etc., and may return carrying wheat, wool, nitrates, etc., and many of the numberless products which nature has bestowed upon the Southern Hemisphere.

My sincere wish is that the results of this Conference, may not be left only on interesting papers to be sent to the libraries for the enjoyment of experts and scholars, but that each one of us, imbued with the faith of a true union of the Americas, may cooperate in the task of increasing friendship and commerce among the countries constituting the Pan American Union.

HOW TO TRADE WITH MEXICO

BY SEÑOR CARLOS ARELLANO, FINANCIER AND MERCHANT, MEXICO CITY.

(Read at the Afternoon Session of Wednesday, June 4)

Mr. Chairman; Ladies and Gentlemen:

Whilst in the city of New York purchasing American goods, I received the courteous invitation extended to me by the Hon. John Barrett to attend the Second Commercial Pan American Conference, which I most gladly accepted, notwithstanding the briefness of time in which I had to prepare a comprehensive paper, but imbued with the earnest desire to contribute to the increase of commercial intercourse between all the countries of this Continent.

Every one knows that the United States represents in this hemisphere the principal factor in the production of manufactures, inasmuch as all the other countries in same are mainly producers of raw materials; nor does any one ignore also that in this marvelous country everything, absolutely everything, is manufactured. For this reason it is undoubtedly the desire of the American manufacturers to continue and to develop their commercial relations with the Latin American Republics. These, on their part, seeking their properly well understood convenience, and yielding to natural spirit of solidarity, should endeavor to eliminate the deficiencies which they have met in these markets where they have been purchasing all their wants.

Moved by this trend of thought, may I not be permitted to make out some suggestions to American manufacturers and exporters?

Many of the American manufacturers, accustomed to dispose of their goods in their own vast home market, have paid but little attention to the suggestions made to them by the Latin American purchasers. For instance, when the latter ask for a small change in certain kind of goods, in order to adjust them with the price thereof or to comply with local habits or tastes, the former reply ordinarily, briefly in this manner: "This is what we produce and this is what we sell." And if it is asked of them to make some practical change in packing, according to the exigencies of the consuming market, they also refuse to take the same into consideration. Naturally as the Latin American merchants are accustomed to buy in Europe, in

whose industrial centers these gladly comply with the modifications sought, it is to be inferred that when the European manufacturers are in a position to renew their exports, the manufacturies of similar goods in this country will find themselves anew with a serious competition.

Besides, some American exporters do not sell precisely the effects selected by the Latin American merchants, but when they lack the necessary stock of certain articles, they send others which in their judgment are equivalent, but without consulting first the buyer, causing thereby an injury to the honest exporters of this country, and giving ground to some merchants not acting in good faith in the consuming market not to accept orders, many times well filled, on account of the sending party refusing to meet the latter's bill, and causing thus an injury to the credit of the honorable merchants of Latin America.

Besides, the latter merchants have always obtained from the European commission houses an open account, or a period of 6 months for the payment of their orders; this is a great inducement for them and in some cases it is the foundation of the success in placing certain articles in the market. On the other hand American exporters limit themselves to sell by cash payments and often times they request that partial payment be made beforehand, and only as an exception it is granted that the payment be made within 60 days. The Americans are not to blame entirely for this procedure, for in order that they could grant the same facilities, the extension is indispensable of the American banking system by the establishment of their branches in the most important cities of Latin America; this would permit to the exporters a systematic discount of their drafts and would afford them an opportunity to have exact credit reports in regard to the firms of the markets where they desire to extend their business.

In Mexico, ladies and gentlemen, we need greatly the establishment of a branch of one of the larger banks of this country. I am sure that the first great American bank which decides to establish in the city of Mexico such a branch will obtain huge profits and would aid at the same time most efficaciously to the commercial intercourse between the two peoples.

As an eminently practical suggestion, I would suggest the sending of salesmen of representatives of American export houses, who should be persons who know the language and the commercial customs of the country where they are going to extend the market of their goods. These salesmen or representatives, on their arrival to a foreign city, will soon become acquainted with the especial needs of that market, they would acquire credit reports of the houses there established, facilitating thereby, to a great measure, the mutual knowledge of the contracting parties.

It would be also of importance that all the Latin American Republics should unite themselves and establish in the city of New York a permanent exposition of their products; it is incredible the number of importers in this country who have no knowledge of what they can obtain in those markets; and it is the fault of the producers not to put the means in order to facilitate this knowledge.

It may not be amiss to remind you of the great services which the Chambers of Commerce can lend in this matter, for having established relations amongst themselves and being in a direct contact with the producers of their own locality, they can furnish any report which is asked of them as well as to place in touch buyers and sellers.

To conclude, I have the pleasure to inform you the result of this my trip of investigations and of the experiences which I have made recently in this country. The manufacturing production of the United States in regard to quantity and quality goes at the head of its world's competitors; the other peoples of this continent should know it, and we should all rejoice of this fact. When you will have an exact account here of what the Latin American countries signify as consumers of your manufactures and as producers of other indispensable elements of wealth, we can surely say that we have succeeded in placing the foundation for the solidarity of the economy of the American Continent.

NICARAGUA

NICARAGUAN TRADE

BY PEDRO GÓMEZ ROUHAUD OF NICARAGUA.

Ladies and Gentlemen: I feel sure that this Second Pan American Commercial Conference, under the auspices of the Governing Board, and the presidency of the Director General, will be fruitful in beneficial results for all the countries here represented, for certainly there is bound to come from its discussions a marked improvement in the commercial relations of the countries of Pan America through which those relations of a social, intellectual and political nature will be strengthened.

Commerce is a great factor in the task of regeneration and reconstruction made necessary by the changes wrought by the World War, for commerce is indeed at the foundation of civilization, so long as it means not only the exchange of products for money or other products, but also and mainly for the mutual and reciprocal good, development, progress, material and moral advancement of the countries parties thereto. That is the commerce I invoke for my country, Nicaragua, a fraction of that Central American land upon which God bestowed with a lavish hand varied and plentiful resources. Nicaragua possesses gold mines, coffee plantations, cattle ranches, immense forests of precious woods, such as, mahogany and guayacan, and others, and its territory offers the greatest advantages and facilities for the building of means of transportation, inasmuch as it is crossed in every direction by navigable lakes and rivers, and because the general topography of the country does not present many obstacles. At the present time Nicaraguan trade is deficient as many of its natural resources lie undeveloped, others are not sufficiently exploited and all over the country they lack modern improvements and machinery to simplify the task of the farmer and the laborer. It is indeed a fact that Nicaragua is far from producing what its natural potential powers are capable of rendering.

Gold mines are abundant in Nicaragua, but only a few in the departments of the Atlantic coast, Chontales and Leon, are at present under operation. The laws on mining are stable and just, and offer every possible guarantee to the owner whoever he may be. Nicaragua is equally rich in oil deposits for the acquisition of which it is only necessary to enter into a contract with the supreme Government.

Agriculture in general, and cultivation of coffee in particular, represent one of the principal sources of wealth in the country in spite of the fact that coffee growing does not reach, at present, even one-third of what it might produce if all the lands which are adapted for coffee were cultivated. The principal coffee producing zones in the Republic are Matagalpa, Granada, Carazo and Managua, but even in these departments not all of the land adapted to coffee is cultivated. Not even the land under cultivation is taken care of in accordance with the systems indicated by the new agricultural processes, with the exception of the plantation belonging to Messrs. Vaughan and Gonzalez, whom I mention with pleasure as a recognition of their progressiveness and of the constant effort which they have exerted for the improvement of their property. The quality of Nicaraguan Coffee, its aroma, color and exquisite flavor, have created a very large demand for the product, to such an extent, that even lacking the great propaganda that is made for the coffee of other countries, the Nicaraguan product is preferred and sold at high prices in the European markets, especially since practically the greater part of the output was sent to Europe formerly, it being exported to Germany, England and France. During the war, the exports of coffee to Europe diminished, while in turn the shipments to the United States increased. Now that the war is over, it is natural to expect that Nicaraguan coffee will again seek its former European markets; for this reason American business men should endeavor to increase their purchases, should study our market, and above all, should advertise our product, which, on account of its quality, would create greater demand, and bring larger profits.

The best refineries in the country turn out at present over 250,000 quintales refined sugar. This product is now being exported to the United States with advantage to the American importer on account of its pure quality. Cattle raising in Nicaragua is also an important industry, yielding lately from 25,000 to 30,000 steers, which can be fattened in the Republic to the mean weight of 500 kilos per

head. The cattle may be easily exported to the seaports, either by railroads or by the Great Lakes and the San Juan River. Other products of Nicaragua are, beans, cocoa, coconuts, fruits, hides, skins and etc., etc. All of these products duly and systematically exploited would constitute a magnificent source of national wealth and tend to bring more closely together the countries now united by common ideals of freedom.

The Republic of Nicaragua is divided into 13 departments, 3 districts, and 2 comarcas, which are again subdivided into municipalities. The capital city Managua lies on the shores of Lake Managua, only slightly elevated above sea level, but has good natural surroundings. The population is about 40,000. Some few substantial buildings attract notice, but it must be stated that the national and the municipal governments have plans for permanent improvements that will greatly benefit the city. Granada (population 7,100) to the south of Managua, and Leon (population 62,000) to the north, are two famous cities in Nicaraguan history, and have many elements of natural and architectural beauty. The chief port on the Pacific is Corinto (population 2,500), through which flows practically all of the foreign commerce of this part of the Republic, although San Juan del Sur (population 1,100) not far from the border of Costa Rica, is a regular port of call and was the western exit of the Nicaraguan canal as at one time projected. On the east coast the most important port is Bluefields (population 5,000). This is becoming a center for a very large banana industry. Of interior cities, Rivas (population 14,000), between San Juan del Sur and Lake Nicaragua, is an interesting place, while Matagalpa (population 15,750), north to Managua and in the beautiful mountain district of the Republic, where the famous coffee is grown, has a fine climate and quite a foreign population.

Other well populated towns include Jinotega (population 13,900), Masaya, 13,000; Chinandega, 10,600; Boaco, 10,600; Jinotepe, 9,400; Esteli, 8,300; Matapa, 8,300; Somoto 8,200.

Sugar growing is profitably conducted, the production of this article, including the by-products—molasses, rum, and alcohol—having a valuation of considerably over \$1,000,000 annually. The largest sugar estate in Nicaragua is situated a few miles from Corinto on the west coast.

Bananas are grown in large quantities in the Bluefields region and shipped to New Orleans.

Cacao ranks in importance after coffee, sugar, and bananas among the cultivated resources of western Nicaragua, and it is recognized as a remunerative product. At present the entire output is consumed in the country, the selling price being from 20 to 25 cents gold per pound. Two varieties of cacao trees are grown, and the Government is encouraging the industry by granting premiums for every planted tree coming into bearing. The average yield from each tree is about 2 pounds when in full bearing, or about 600 pounds to the acre.

Tobacco is grown in several districts, the best being produced on the island of Omotepe, in Lake Nicaragua.

The principal crops are corn, rice, beans, bananas, cacao, sugar cane, tobacco and fruits.

Cattle, horses, and swine are reared, the number of cattle being estimated at about 750,000.

The forests contain mahogany and cedar, which figure largely in the country's exports, many valuable timbers, dyewoods, such as logwood, and medicinal plants. Gums and resins abound, and the native camphor tree is said to yield a variety equal to that produced in the Far East. Vanilla of an excellent quality grows freely, and senna is a native product.

Manufacturing industries are confined mainly to articles of domestic consumption, and include the manufacture of furniture, boots and shoes, sugar, rum, beer, candles, cigars, cigarettes, and soap.

But it is the gold deposits that have perhaps contributed most in the matter of actual wealth to Nicaragua. From the date of first discovery through the years to present times, the adventurous have journeyed up the rivers and toiled across the table-lands there, seeking elusive evidence of the highest-prized metal.

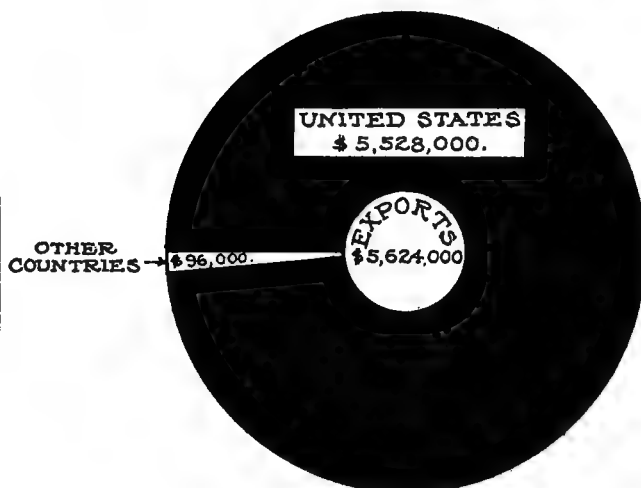
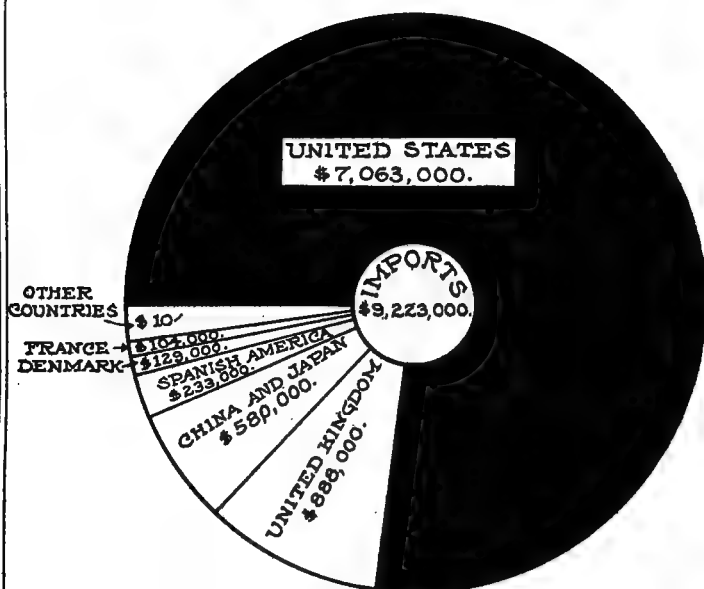
With the appointment of a special Minister of Public Instruction the Government is giving increasing attention to this phase of national development. One hundred thousand dollars have been appropriated for school buildings in one city alone.

In Nicaragua the school age is fixed by law at from 5 to 14 years. In a recent year there were 127,269 children of school age in the Republic, 64,733 of

PANAMA

FOREIGN COMMERCE 1917

TOTAL \$ 14,847,000.



whom were boys and 62,536 girls. The average daily attendance was 15,644, consisting of 8,017 males and 7,627 females.

According to a recent report there are 414 primary schools for both sexes maintained by the State; 4 institutes and 46 private and municipal schools, of which 19 were municipal and 27 private. There are also schools of law and medicine. Plans are under way to establish agricultural schools at several places.

There are four institutes, with 876 matriculates and an average attendance of 783 pupils. The Central Institute for males and its annexes has 123 matriculates and an average attendance of 111; the Western Institute for males has 215 matriculates and an average attendance of 200, and the Eastern Institute (for males) has 282 matriculates and an average attendance of 245 pupils. The Normal School for girls and its annexes has an enrollment of 166 pupils.

There is regular steamer communication carried along the west coast of Nicaragua by those lines connecting Panama and San Francisco. The ports of San Juan del Sur and Corinto are the ports of call, the latter on a beautiful and ample bay having almost all the foreign commerce. On the east coast the chief port is Bluefields, between which and New Orleans direct and regular steamer connections are maintained. For other ports, like San Juan del Norte, on this coast, local steamers can be found in Bluefields.

The Government has granted concessions to extend railways and to build highways, but comparatively little actual construction has been undertaken. Progress is difficult in the country until the interior is rendered accessible by means of railways and highways, and when this is done it will mark a new era for Nicaragua.

PANAMA

OPPORTUNITIES IN PANAMA, THE PAN AMERICAN CLEARING HOUSE

BY SEÑOR J. E. LEFEVRE, CHARGÉ D' AFFAIRES OF PANAMA IN WASHINGTON.

(Delivered at the Afternoon Session of Tuesday, June 3)

The Republic of Panama has an area of 8,500 square kilometers and a population of slightly over half a million inhabitants. One of its principal industries is cattle raising. The Isthmus of Panama is not only self-supporting as far as meat is concerned, but offers remarkable prospects for enlargement of this industry. A good-sized packing house could be established in Panama and enough pasture can be raised in the Republic to handle the cattle production of the neighboring countries: Nicaragua, Honduras, Ecuador and Colombia, on the Pacific Ocean. Another similar establishment could be built at Colon for the handling of cattle from Venezuela and Colombia on the Atlantic, having in mind its exportation to the United States; the isthmus being so much nearer to North America than are Argentina, Uruguay and Brazil.

Our leading export is bananas which, with the opening of the Canal, offers new fields for profitable cultivation on the Pacific coast. At present this industry is almost confined to the Atlantic side, chiefly to the province of Bocas del Toro, where the United Fruit Company has some of its plantations, which are a practical lesson of the conquest of the tropics by the white man.

Cocoanuts are our second export staple. The "San Blas" nut is considered the best in the world. The planting of cocoanuts, the exportation of copra and the manufacture of oils and other by-products would be a good and safe investment to American capital and enterprise.

Sugar cane, next to the raising of artificial pastures, is the leading agricultural activity of our Pacific slope. The sugar industry is yet in its incipiency although its development is rather rapid at present. The potentialities of the Republic of Panama as a sugar producing country are extraordinary and should not be overlooked by American business men. When I safely advise the investment in cocoanuts and sugar planting I have also in mind the opportunities offered to the manufacturing concerns which deal in the machinery and implements necessary for the development of the industries mentioned.

Panama produces first grade ivory nuts and the best hard and cabinet woods. The manufacturing of buttons and other articles made of vegetable ivory as well as the making of beautiful furniture from native woods is already in its beginning. Besides the excellent local raw material at hand, the ivory nuts from Colombia and Ecuador could be utilized by a large button factory established on the Isthmus. The hard woods of Central America and the neighboring Republics of South America could be used with great profit, by the saving of transportation, in the manufacturing of furniture which could be distributed, with equal advantage, from the Isthmus.

The time at my disposal for this address being so short I have taken into consideration only those industries which already exist, and which do not present any doubts as to their ultimate success, under reasonable conditions, and which involve less risks than the average business venture in any other country.

The Government of Panama is willing to give hearty cooperation to all enterprises, without granting any special privileges or monopolistic concessions. Our legation is ready to furnish any information desired by anyone who may wish any data on any particular branch of industry or agriculture, so far as its possibilities or potentialities in the Republic of Panama are concerned.

I will, therefore, endeavor to bring out, as the main subject of this address, the uppermost importance which the Isthmus of Panama and the Panama Canal have in Pan American trade. To this end I shall call your attention to the unlimited possibilities, as distributing centers for American merchandise, offered by the cities of Panama and Colon, which are so close to the Pacific and Atlantic terminals of the Canal. These ports should form, in the near future, the advance guard of the much needed and welcomed American trade expansion, which is so closely connected with the great cause of Pan Americanism: a cause whose practical and idealistic phases mean so much, not only to the welfare of

this hemisphere, but also to the advancement of humanity, whose fate seems to be linked with the Americas.

Already some progressive industrial corporations of the United States have awakened to the realization of these facts and of the vastness of the possibilities which I have already briefly mentioned. The Government of Panama has entered into a very equitable and fair contract with the Goodyear Rubber Company for the establishment of a bonded warehouse for their products, which step augurs an auspicious beginning. This Legation is taking up this important subject of warehouses with the United States Government, working hand in hand in the closest cooperation, so as to fully benefit the people and commerce of North and South America.

The great world war, happily brought to an end at last, affected the Panama Canal very severely. It even prevented its formal opening to world trade when the great undertaking was completed and it limited considerably its wonderful opportunities, reducing them to such conditions as to reach a very low minimum.

Conditions are different now. Favorable changes have taken place. The war has made the United States the unquestionable market for its sister Republics of the South. These countries will be hereafter its main source of raw materials and a leading market for the export of its manufactures. The approaching expansion of the American merchant marine will give the expected impetus to the Panama Canal. Thus the time has come when American business men of far-sightedness and vision, should not overlook the unique strategical commercial advantages of establishing branches in the cities of Panama and Colon, with their own bonded warehouses for their products; and central agencies for the quick and efficient distribution of their merchandise.

I would even go so far as to point out the opportunities thereby available to create educational centers for the preparation of specially trained "ambassadors of commerce," as your traveling agents and representatives of Latin America should be. Panama has exceptional conditions to obtain this end, as both Spanish and English are widely spoken there.

I could keep on addressing you on this subject, which has enough material for many a lecture and conference, but my time being restricted, I will not go into details. Nevertheless, I shall not finish without previously assuring you, in my official and personal capacity, that in the carrying out of these far reaching plans you will find in me the heartiest cooperation. I can assure you, likewise, that my Government will meet you more than half way to make the Isthmus again what it was, in a smaller degree, during the Spanish dominion and to transform it into what God and nature have intended it to be: the geographic and commercial link of the Americas; the meeting point of two civilizations—the clearing house for the trade of all America!

PARAGUAY

COMMERCE, INDUSTRY AND FINANCE

PAPER PRESENTED BY THE PARAGUAYAN LEGATION.

Population and Area

Paraguay, with an area of 196,000 square miles (507,640 square kilometers)—being larger than those of the original thirteen American States lying north of the Potomac River—has an estimated population of 1,100,000, the greater part being east of the Paraguay River.

Climate

With the exception of a small portion of the northern part of the country, Paraguay lies within the South Temperate Zone, the climate ranging between that of Habana and the southern tier of the United States, having many similarities with the latter. Observations covering a number of years indicate that the annual temperature at Asuncion, the Capital, varies between 35° and 106° F. (2° and 35.5° C.), the mean for the year being 74° F. (23.3° C.), that for the summer, 82° F. (27.7° C.) and for the winter, 64° F. (17.7° C.)—this last making the country a favorite winter resort for persons living farther south. Taking a normal year (1915), the number of days having a temperature of 68° F. (20° C.), or less, was 90; between 68° and 86° F. (20° and 30° C.), 206; and above 86° F. 22. The atmospheric pressure ranges from 30.1 to 30.4. Quoting from the *South American Year Book* (1915), "it is therefore evident that Paraguay is a healthy country, indeed one of the healthiest in the world, having no bad effect whatsoever on the European."

Rainfall

The annual rainfall—an average taken for twelve years—is 60.5 inches, being distributed over the twelve months—the greater portion falling during the summer season, November to March, with the minimum during the midwinter months of June and July. During 1915, the number of days having precipitation numbered 81; those of a nebulosity of 100 per cent, 33; from 60 per cent to 90 per cent, 76; from 30 per cent to 60 per cent, 101; and from 1 per cent to 30 per cent, 99.—or a mean nebulosity for the year of 44 per cent.

Physical Characteristics

With the exception of that portion of the Republic adjoining Brazil, the country is of a gently rolling contour, there being an almost imperceptible difference between the altitude of the northern and southern parts. The result is an exceedingly rich soil, the greater part of the underlying portion being a ferruginous sand, this being covered with the decayed humus accumulated from centuries of prairie or forest vegetation. In the eastern part rivers and other streams are abundant, the same being true to a lesser extent in the western part, known as The Chaco. Artesian wells may be sunk in any part.

Transportation

Paraguay's "main transportation facilities are afforded by navigable waterways, in the possession of which it is more highly favored than any other country of equal size in the world" (*Foreign Commercial Guide: South America*, Philadelphia Commercial Museum, 1906). It is for this reason that greater efforts have not been made in the past to construct rail transportation, although the first railroad in the River Plate region was constructed in Paraguay. Through the center of the country flows the Paraguay River, one of the world's great water ways—being about one mile wide at Asuncion, and allowing for vessels of ten-foot draught (and nine-foot draught to Villa Concepcion) and being navigable for smaller vessels twelve hundred miles to the north. On the southeast and southwest flow the Rivers Alto Paraná and Pilcomayo, the former navigable for large vessels;

while within the country are innumerable streams utilized for transportation. Rail communication is maintained with Buenos Aires by a single line—the Paraguay Central—from Asuncion, running southeasterly to Villa Encarnación, at which point connection is made with the Argentine Northeastern Railway. Prior to the outbreak of the war construction had been begun on a branch line extending southward through the rich agricultural lands below Paraguari; and likewise from south of the town of Borja, near Villarrica, eastward to connect the Paraguay Central with the Sao Paulo Rio Grande Railway (of Brazil), bringing Rio de Janeiro within sixty hours of Asuncion, and Paraguay a week nearer the United States. There are, in addition, several private lines of railway belonging to certain industrial enterprises. The total number of miles of railway in the Republic—December 31, 1918—amounts to 464, of which 264 are in the eastern part, and 200 in the western part, or The Chaco. Their physical valuation, including rolling stock, amounts to 10,110,000 pesos gold (peso gold equals \$0.9648 U. S. gold); that of tramways and electric lighting plants, 2,000,000 pesos; and telegraph lines (1,915 miles), 680,000 pesos.

Agriculture

The agricultural productions of Paraguay are varied, including nearly everything that is grown in the United States, besides other products adapted to its semi-tropical climate.

Tobacco: Among its most important productions—and the crop of greatest cultivation—is tobacco, this earning for itself a well deserved renown for more than a century in the markets of continental Europe and in the nearby countries—notably Argentina. With climatic, humidity, and soil conditions resembling closely those of Cuba, some varieties of the Paraguayan staple possesses an excellence of quality differentiating them but slightly from the well known "Habana" leaf. With the same care in their selection, handling, curing and elaboration—now the subject of the supervision of the Banco Agrícola (the Government institution having charge of the development and culture of this staple)—it is hoped that soon the tobacco of this country will enter into competition with the celebrated grades of every clime. So far, rigorous rules for the grading of tobacco have been adopted, a penalizing surtax being placed on the ungraded product. Figures for the year 1863—prior to the war of the Triple Alliance—indicate the production as 68,740,000 pounds. No figures are available as regards recent production, but, in addition to the domestic consumption (important in itself), the exports in 1916 amounted to 14,927,066 pounds; in 1917, to 15,275,047 pounds, and in 1918, to 15,513,252 pounds. None of this comes to the United States. Prior to the war just ended, the greater share of the exports was made to Argentina and to Bremen from which latter port it was transhipped to Spain, where it is received with the greatest favor, the principal buyer being the Tabacalera Española. During 1918 difficulty was experienced in marketing the crop abroad, due to the scarcity of jute bags—a scarcity that is to be met by the recent installation of a plant for the utilization of native fibres, and otherwise to be relieved by the raising of the embargoes of the warring nations on the sale and shipment of these necessary containers. Recently, also, the labor difficulties at Buenos Aires have interfered greatly with the export trade in tobacco, as well as in other commodities.

Cotton: Cotton promises to be an important crop of the future, as it has been in other days. While the Paraguayan staple is not today commercially important in the world's markets, experience has shown that the country is potentially adapted to the cultivation of this staple as are few other localities. In tests made with native cotton, it has been found to have the longest fiber and the greatest tensile strength, being peculiarly adapted for certain purposes, such as the manufacture of automobile tires and fire-hose. Its culture is also under the supervision of the Banco Agrícola, which institution is employing experts and testing the availability of well known classes of cotton, notable success being attained with the Sea Island, Egyptian, and "Caravonica" grades. The yield of fiber, according to Dr. Moises Bertoni, the Swiss botanical authority, is, in average number of pounds per acre—in round numbers—as follows for the following cotton producing regions: Italy and Spain, 135; Africa, in general, 180; the United States, 200; Argentina, 310; and Paraguay, 530—the minimum per acre for the latter being 265, and the maximum being 905. These figures bear out the statement of Mr. Leon Mousnier in his *Notes Concerning the Cultivation of Cotton in South America*, who, quoting an American writer—Mr. Atkinson—says, with refer-

ence to world production: "The fiber of the Indies is short and harsh and cannot be utilized for other than common textiles; that of China is no longer than an inch in length; that of Africa cannot in every respect take the place of the American fiber; in addition, neither the Peruvian nor the Brazilian can compete with that of the United States. There exists, however, one region of the world that may offer competition and produce cotton of a quality equal to that which we (the United States) produce, and that region consists of the upland regions of the Paraná and of the Paraguay * * *."

The greatest drawbacks to the development of Paraguayan cotton growing have been: (1) the lack of sufficient capital among the small individual farmers; (2) the holding of large tracts of land by foreign corporations devoted largely to the cattle and timber industries—these also utilizing a great part of the native labor; (3) the lack of knowledge of cotton raising by incoming settlers, most of whom come from regions where the cultivation of this staple is all but unknown; and (4) the uncertainty of sale at a price warranting the use of the land for a perennial crop when other products—of known sale and value—might be raised. To overcome these obstacles the Banco Agrícola is making rapid strides, encouraging the planting of fields averaging twelve and one-half acres per family, making it a home industry. American farm machinery is needed for cultivating the growing plant; American methods and machinery are required for picking, handling, and ginning the cotton; and American mills are necessary for the utilization of the cotton seed—the demand for oil of the cotton seed and other native products being large locally and in the neighboring countries.

Sugar: Not dissimilar to the sugar-cane bearing regions of the United States, Paraguay is adequately adapted to the raising of this product. Figures for 1918 indicate an area of 15,000 acres devoted to cane, this being comparatively small when it is realized that the country consumes all of its domestic production in addition to large quantities imported. In addition to sugar a part of the cane is utilized in the manufacture of *caña*, a native rum, and alcohol, used in industry. Due to an extremely high tax, however, the manufacture of *caña* is discouraged, as efforts are already on foot to prohibit the use of spirits. More sugar would be manufactured if there were more mills—this requiring additional capital and better transportation facilities, a matter of interest for American manufacturers of sugar-making machinery, investors, and settlers. With the establishment of the "centrals" system, in vogue elsewhere, Paraguay promises to be able to supply not alone her own needs, but also to export a goodly quantity. When it is realized that thousands of tons of oranges and other fruit rot every year for the want of a market, it may be seen that the opportunity for the installation of fruit canneries, utilizing native sugar, is most promising—particularly so when it is known that preserved fruits are almost considered luxuries in nearby countries, bringing fancy prices. The total consumption of sugar during the year 1914 amounted to 9,757,656 pounds, of which 5,642,595 were imported and 4,115,061 of domestic production. During the same year, denatured alcohol to the amount of 108,613 gallons was manufactured, and *caña* to the amount of 14,084 gallons.

Other Crops: As indication of the diversity of crops of the country, it may be mentioned that in the southern part of the Republic wheat is grown—not, however, in quantities sufficient to supply the domestic demand. Indian corn, oats, alfalfa, sorghum, Kaffir corn, rice, beans, peas and like cereals and vegetables, are raised throughout the country—an important one being mandioca, a necessary element in the diet of the native population. Fresh vegetables are in the market the year around, and it is from Paraguay that the River Plate cities are supplied with early garden produce several weeks in advance of their local truck gardens.

Fruits

Fruits: No country exceeds Paraguay in the abundance and quality of its subtropical fruits, native in many cases with the trees of the forest. Oranges, mandarines, lemons, pine-apples, grape-fruit, bananas, and other like fruits are found in profusion—with many others unknown to the American market. Of oranges alone, the exports during the nine years, 1910-1918, amounted to 1,314,729,333, or an annual average of 146,081,037, these being valued at point of shipment at from one to two dollars per thousand, or at from five to ten for a cent. The surplus, above home consumption, is lost, as above said, or allowed to rot. With better methods of handling and shipping them, they might be shipped to any point and become a source of immense wealth to the Republic.

From the leaves of one species of the fruit of the country—the “bitter orange”—is derived a special product, the Essence of Petit-grain, or Oil of Neroli, for which the United States has been a steady customer. This essence, made by distillation, is the basis of a delicate perfume, much desired by perfumery manufacturers and makers of toilet soaps. At present it is largely a home industry. While the amount exported is not large, an increased demand would easily increase the production. During the year 1917, the exports amounted to 135,605 pounds, valued at \$215,243.

Coffee and Rice: Coffee of splendid quality is now grown in Paraguay—there being *cafetals* within sight of Asuncion, while many other plantations lie to the north and east. The annual production at the present time reaches about 500,000 pounds. Rice also is grown, in part supplying the domestic demand, there being many localities having natural irrigation and being admirably adapted for this crop.

Yerba Mate—Paraguay Tea

Chief among the special alimentary products of the country, and one for which Paraguay has long been famed is Paraguay Tea (*Yerba mate*), the exports of which are on a par with hides, timber, and tobacco. This, the pulverization of the torrefied leaves of the *Ilex Paraguayensis*, in infusion, is the favorite beverage of around 20,000,000 persons in South America—particularly in Argentina, Uruguay, Chile and Brazil, besides Paraguay, and of many thousands in Europe. Pleasant to the taste, cheap in price, and possessing remarkable fortifying properties with regard to the digestive, muscular, and nervous systems, its use promises to be extended elsewhere. Numerous at the present time are the inquiries received from parts of the United States regarding this commodity, to the end of using it as a substitute for the alcoholic beverages soon to be displaced in the United States. While growing wild throughout the country—particularly in the eastern and northern part—large tracts have been planted, and many enterprises are concerned with its exploitation promising large returns. In recognition of its value and importance, the Pan American Union has issued a special booklet describing Paraguay Tea. The exports of this staple amounted during the nine years, 1910-1918, to 70,275,826 pounds, or an annual average of 7,808,425 pounds. Its successful reception in other countries is an earnest of what might be done with this commodity in the United States. It is to be noted that the yerba mate of Paraguay is recognized as being superior to all others for the proportions of its active principle, and for its delicacy of taste.

Forest Resources

The forest resources of Paraguay are extensive, numerous being the varieties of construction and cabinet woods, dye, medicinal, and tannic acid woods. The *Official Statistics* of 31 December, 1917, gave the number of square miles of timber land under private ownership and exploitation as 200,000—this representing but a portion of the forest extension of the country. From the quality and availability of the timber of this region, it is not to be wondered at that this is the region noted for the past two centuries for its shipyards, providing in great part the tonnage required for the inland and costal River Plate region; and it has been here that timbermen have cut the beams and lumber that have gone into the construction of the docks and many of the buildings of the cities of the immediate seaboard. Many of the varieties, after the test of water, air, and time, are found almost untouched after centuries. All are available for shipment abroad, and many are comparatively cheap—so cheap, in fact, that it would seem possible to export certain kinds to the United States for use in the construction of public and private works—such as docks, shipbuilding, railroad ties, telegraph poles, etc., where extreme durability is of advantage. In so doing—thus creating a constant market—it might be possible to open lines of direct shipping communication between the two countries, lowering freights, and creating a market for other commodities. One, only—the most important commercially of Paraguayan woods—will be here mentioned: Quebracho. This timber is an exceedingly hard wood, enduring for generations, and in great demand for ship and dock building, railway sleepers, and posts, but best known for its tannic acid content, for which it is in great demand in the United States. Numerous corporations are concerned with its exploitation—including American capital. The amount exported in 1914 was

13,981 tons (metric 2,204.6 pounds); 1915, 20,138; 1916, 21,136; 1917, 29,899, and 1918, 19,096. A recent report of the United States Consul at Asuncion states that the one American company, the International Products Company, plans to ship 20,000 tons direct to the United States during 1919.

Cattle

It is from the live stock business that Paraguay has heretofore derived her greatest wealth. Today, with its world scarcity of meat, promises much to the country, for nowhere are conditions more favorable than here, with climate, soil, meadow, and cereals suited to the exigencies of cattle raising. Azara—the Humboldt of southern South America—after traveling throughout the entire southern portion of the continent, pronounced the Paraguayan plains as, in his opinion, the best he had seen for cattle grazing. Recent statistics (31 December, 1918) specify 46,381 square miles as at present devoted to cattle ranching, and the number of cattle as between 5,500,000 and 8,000,000—a conservative estimate being 6,500,000, or approximately 6.5 head per capita, as against .64 per capita for the United States. Carrying the comparison further, the Paraguayan Division of Agriculture and Live Stock states that 1.65 acres will feed for twelve months and put in marketable condition one animal, or 390 per square mile, making the preceding 46,381 square miles potentially capable of supporting, in round numbers, 18,000,000 head. The importance of this will be better understood when it realized that in the nine so-called gazing, States of the United States, the Department of Agriculture estimates an average of 25.6 acres per animal for 8.66 months, or 25 head per square mile. This last also presupposes grain feeding during the winter months as preparation for butchering. In addition, there is also to be considered the difference in the price of the grazing land—that of Paraguay being purchasable in fee at from one to four dollars per acre.

As an earnest of the importance of the cattle business in Paraguay, since 1915 three large American packing enterprises have installed and are now operating packing plants ("frigorificos") in the country—these being the International Products Company, of New York, and Swift & Company, and Morris & Company, of Chicago—with prospects of others of like character. With their own boats, built in the country, and barges, some of them are now shipping their products to the River Plate ports, there to be trans-shipped to Europe and the United States. In addition there are various concerns engaged in the preparation of salted and dried meat ("tasajo"), and meat extract—for domestic consumption and for export. The recent increase in exports of cattle and meat products is striking. For the exports during 1917 and 1918—the reader is referred to the official statistics appearing elsewhere in this report.

To further develop the industry, outside help is necessary. More blooded stock is required to improve the herds, animals resembling the well known "Texas steer" of a generation ago. Many of the larger ranches are bringing in pedigreed stock, a recent despatch mentioning one shipment of forty-two bulls imported by a single company. The small ranchman, however, is unable to avail himself of this advantage, and it is to assist him that the Banco Agrícola is making a campaign of education for the community purchase and ownership of breeding sires. Likewise, the exacting requirements of the "frigorificos," assisted by a recent cattle and meat inspection law will raise the standards and eventually make unprofitable the raising of other than the mixed or full breeds—the experience of Argentina, Paraguay's neighbor to the south. Better transportation facilities are needed, including railroad extensions, harbor facilities, and the dredging of certain rivers to afford better barge and steamer accommodation; the installation of the silo system, and the planting of certain grasses and forage plants for the purpose of intensive feeding and fattening; provision for water throughout the year, such as artificial ponds, pumps, windmills, and well-drilling apparatus; and barb-wire, the use of which is general for fencing. In addition, it would be of extreme advantage—and mutually lucrative—to have American stockmen to join with Paraguayan ranchmen and ranching life the lessons that they have learned through experience on the western plains of the United States.

The foreign trade of Paraguay, 1910 to 1918, inclusive, has been as follows:
(valuation in gold pesos—\$0.9648 U. S. gold.)

| IMPORTS. | | | EXPORTS. | |
|-----------|------------------------|----------------------|------------------------|----------------------|
| | *Customs Valuation. | Actual Valuation. | *Customs Valuation. | Actual Valuation. |
| 1910..... | 6,409,413 | ..... | 4,916,918 | ..... |
| 1911..... | 6,694,996 | ..... | 4,735,573 | ..... |
| 1912..... | 5,350,600 | ..... | 4,235,723 | ..... |
| 1913..... | 8,119,997 | ..... | 5,630,929 | ..... |
| 1914..... | 5,149,465 | 5,149,465 | 4,584,368 | 5,558,807 |
| 1915..... | 2,405,888 | 3,127,654 | 5,616,172 | 8,890,999 |
| 1916..... | 4,679,033 | 7,020,036 | 4,861,678 | 8,851,919 |
| 1917..... | 5,098,881 | 9,177,446 | 6,494,802 | 11,705,012 |
| 1918..... | 4,783,183 | 8,370,570 | 5,632,093 | 9,712,932 |

* The customs valuations are fixed, and are based upon the values specified in the Tariff Law of 1909. Since 1914, the Bureau of Statistics, realizing that these are too low, has, for the sake of making the figures conform with market values, given also the actual valuations.

The actual balances in favor of Paraguay, 1914-1918, are as follows:

| | |
|------------|------------|
| 1914..... | 409,342 |
| 1915..... | 5,763,345 |
| 1916..... | 1,831,883 |
| 1917..... | 2,527,566 |
| 1918..... | 1,342,362 |
| Total..... | 11,874,498 |

The principal articles of national production exported during the calendar years 1917-1918 were the following:

| ANIMAL PRODUCTS. | | 1917. | 1918. |
|-------------------------------|--------------|-----------|-----------|
| Horns | Kilos | 48,600 | 62,990 |
| Hair | Kilos | 94,751 | 36,901 |
| Hides (cattle) salted | Number | 181,379 | 105,625 |
| Hides (cattle) dry | Number | 59,965 | 87,105 |
| Beef (preserved) | Kilos ..... | ..... | 1,987,612 |
| Beef Extract | Kilos ..... | ..... | 6,000 |
| Wool | Kilos | 95,754 | 56,924 |
| Tallow | Kilos | 237,418 | 224,501 |
| Beef (Jerked), "Tasajo" | Kilos | 1,033,910 | 791,514 |
| Cattle on Hoof | Number | 60,804 | 43,149 |

| AGRICULTURAL PRODUCTS. | | 1917. | 1918. |
|-----------------------------------|---------------|-------------|------------|
| Starch | Kilos | 20,014 | 28,031 |
| Pineapples | Number | 1,990 | ..... |
| Bananas | Bunches | 3,456 | 2,964 |
| Cigars | Kilos | 7,219 | 13,139 |
| Peanuts | Kilos | 141,583 | 23,841 |
| Peanut Meal | Kilos | 75,380 | ..... |
| Oranges | Number | 159,430,800 | 80,323,700 |
| Mandarines | Number | 15,320,570 | 18,331,150 |
| Tobacco Leaf (mild) | Kilos | 5,406,862 | 5,869,261 |
| Tobacco Leaf (medium) | Kilos | 1,425,523 | 1,137,642 |
| Tobacco Leaf (strong) | Kilos | 110,818 | 44,575 |
| Paraguayan Tea (Yerba Mate) | Kilos | 3,854,850 | 3,628,436 |

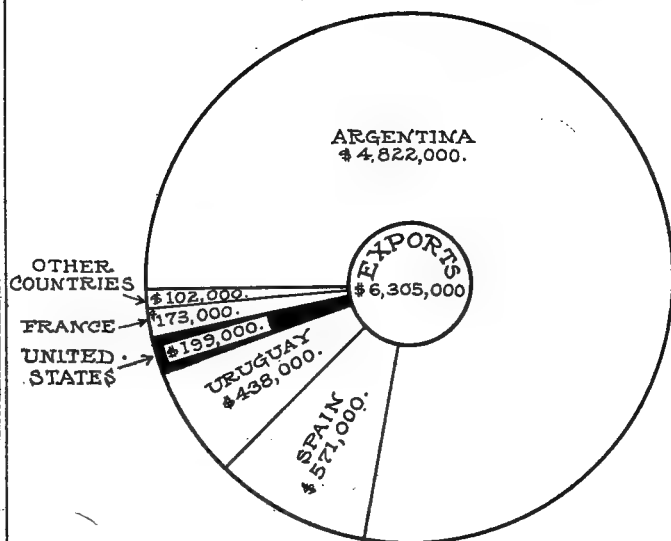
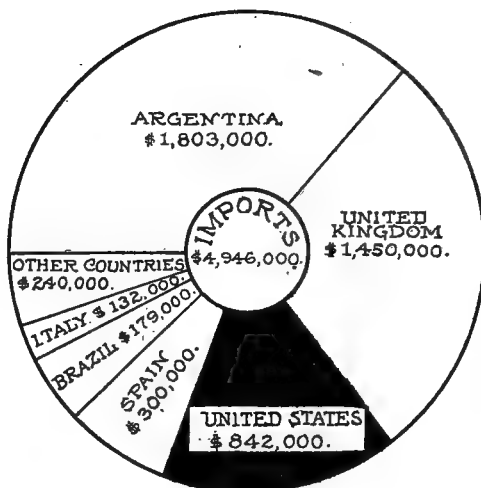
| FOREST PRODUCTS. | | 1917. | 1918. |
|-------------------------------|---------------|------------|------------|
| Copra | Kilos ..... | ..... | 7,896 |
| Cocunut oil | Kilos | 133,793 | 20,757 |
| Essence of Petit Grain | Kilos | 61,498 | 36,163 |
| Quebracho Extract | Kilos | 29,899,119 | 19,096,008 |
| Timber (squared logs) | Number | 39,492 | 47,228 |
| Timber (sawed) | M. Feet | 1,177 | 4,533 |
| Timber (quebracho logs) | Kilos | 1,645,081 | 522,206 |
| Timber (other logs) | Kilos | 38,955,374 | 47,710,195 |
| Timber (posts) | Number | 47,586 | 24,980 |
| Timber (sleepers) | Number | 1,026,066 | 1,234,717 |
| Timber (palm logs) | Number | 19,434 | 11,370 |

| PRODUCTS OF THE CHASE. | | 1917. | 1918. |
|------------------------|-------------|--------|--------|
| Furs | Kilos | 33,369 | 22,904 |
| Heron Plumes | Grams | 850 | ..... |
| Ostrich Plumes | Kilos | 54 | 690 |

PARAGUAY

FOREIGN COMMERCE 1917

TOTAL \$ 11,251,000.



PAN AMERICAN UNION

NOTE.—The figures in this diagram represent the customs valuations, which are much lower than the invoice or actual values.

The order of importance in the foreign trade of Paraguay for 1918 is indicated by the following table showing the six principal countries: (valuation in gold pesos—\$0.9648).

| Exports. | | Imports. | |
|---------------------|-----------|----------------------|-----------|
| Argentina | 4,101,865 | Argentina | 2,479,014 |
| United States | 742,608 | United States | 816,632 |
| Spain | 561,059 | United Kingdom | 611,880 |
| Uruguay | 386,580 | Spain | 288,420 |
| France | 298,150 | Brazil | 253,567 |
| Italy | 134,530 | Italy | 84,855 |

The official figures of the United States for the years (calendar) 1917 and 1918, items unspecified, indicate that exports to Paraguay in 1917 amounted to \$504,388; and in 1918, to \$700,595; imports from Paraguay amounted, respectively, to \$97,029 and \$140,275.

The striking disparity between the Paraguayan and United States figures results in part from the fact that much of the merchandise shipped to and from Paraguay is trans-shipped, or first placed in stock, at one of the River Plate ports, credit being naturally given to the country where transshipment is made. "The United States is now the most important market for Paraguayan hides, though none of them are shipped direct to American markets from Paraguay, but are sent to Buenos Aires for transshipment" (Report of Consul Hamilton Wiley, Asuncion, 12 March, 1916). "A large percentage of the imports credited to Argentina in the statistics are not goods of Argentine origin at all, but are manufactures of foreign origin that are re-exported from that country. It is believed that a rather high percentage of these imports comes from the United States, particularly since orders for American goods are placed largely through Buenos Aires and Montevideo middlemen, on account of the limited direct trade representation between Paraguay and the United States" (Report of Consul Henry H. Balch, Asuncion, published 31 December, 1917).

As indication of the classes of articles imported from Paraguay, and credited to that country, the following table shows those purchased during the fiscal years (ending June 30), 1917 and 1918, quantities and values:

UNITED STATES IMPORTS FROM PARAGUAY, FISCAL YEARS 1917, 1918.

| ARTICLES. | Quantities. | | Values. | |
|--|-------------|--------|----------|----------|
| | 1917. | 1918. | 1917. | 1918. |
| Chemicals, drugs, dyes, and medicines: | | | | |
| Tanning extracts, all other..... | ..... | ..... | ..... | \$418 |
| Earthen, stone and chinaware: | | | | |
| Earthen and crockeryware—decorated or ornamented | ..... | ..... | \$22 | ..... |
| Fibers, vegetable, and textile grasses, manufactures of, | | | | |
| n. e. s. .... | ..... | ..... | 15 | ..... |
| Hair, unmanufactured—Horse | 8,127 | ..... | 1,996 | ..... |
| Hides and skins (except fur skins): | | | | |
| Cattle, dry, 12 pounds and over..... | ..... | 28,385 | ..... | 8,376 |
| Sheepskins, dry ..... | ..... | 4,714 | ..... | 1,320 |
| India rubber, gutta percha and substitutes for, crude: | | | | |
| India rubber ..... | ..... | 7,938 | ..... | 3,105 |
| Oils: Vegetable—distilled and essential ..... | ..... | ..... | 65,668 | 56,078 |
| Silk, manufactures of: Laces and embroideries..... | ..... | ..... | 294 | ..... |
| Wood, manufactures of ..... | ..... | ..... | 8 | ..... |
| Total..... | ..... | ..... | \$66,003 | \$69,797 |

UNITED STATES EXPORTS TO PARAGUAY, FISCAL YEARS 1917, 1918.

| ARTICLES. | Quantities. | | Values. | |
|--|-------------|-------|---------|---------|
| | 1917. | 1918. | 1917. | 1918. |
| Agricultural implements | | | \$1,759 | \$5,274 |
| Blacking, shoe paste, etc | | | 2,702 | 158 |
| Brass: Pipes and fittings | | | | 7,935 |
| All other manufactures of..... | | | 703 | 622 |
| Breadstuffs | | | 93 | 193 |
| Cars, automobiles, and other vehicles: | | | | |
| Automobiles—Passenger | 40 | 13 | 20,192 | 5,025 |
| All other | | | 4,172 | 3,714 |
| Cement, hydraulic | | 4,714 | ..... | 11,959 |
| Chemicals, drugs, dyes, etc..... | | | 15,050 | 12,308 |
| Clocks and watches, and parts of..... | | | 2,754 | 343 |

| ARTICLES. | Quantities. | | Values. | |
|--|----------------|---------|---------|---------|
| | 1917. | 1918. | 1917. | 1918. |
| Cotton, manufactures of: | | | | |
| Cloths: Unbleached | Yards 6,958 | 8,931 | 1,497 | 2,619 |
| Bleached | Yards 30,295 | 8,113 | 3,511 | 700 |
| Colored: Printed | Yards 11,886 | 28,456 | 1,099 | 4,017 |
| Dyed in piece | Yards 45,946 | 66,164 | 7,531 | 14,513 |
| All other | Yards 226,834 | 183,994 | 23,887 | 23,529 |
| Wearing apparel—Knit goods | | | 2,296 | 2,054 |
| All other | | | 10,284 | 6,677 |
| Electrical machinery, appliances, and instruments: | | | | |
| Dynamos and generators | | | 53,181 | ..... |
| Motors | | | 83 | 5,918 |
| All other | | | 1,658 | 17,011 |
| Explosives: Cartridges, loaded | | | 7,181 | 5,969 |
| All other explosives | | | 797 | 11,277 |
| Fibers, vegetable, manufactures of | | | 986 | 17,011 |
| Glass and glassware | | | 284 | 1,795 |
| India rubber, manufactures of | | | 143 | 5,248 |
| Iron and steel: | | | | |
| Bars or rods of steel | Pounds 431,212 | | | 16,190 |
| Cutlery | | | 2,671 | 584 |
| Machinery, machines, and parts of | | | 659 | 281,286 |
| Pipes and fittings | Pounds 19,527 | 863,581 | 892 | 44,452 |
| Sheets and plates | Pounds 23,370 | | | 2,863 |
| Stoves and ranges | | | 39 | 4,940 |
| Structural iron and steel | Tons 68 | | | 9,004 |
| Tin plates,terneplates and taggers' tin | Pounds 106,909 | 160,267 | 6,126 | 12,646 |
| Tools, n. e. s. | | | 13,911 | 15,044 |
| Wire, and manufactures of | | | 3,480 | 13,793 |
| All other | | | 6,448 | 35,838 |
| Lead, manufactures of | | | | 9,149 |
| Leather | | | 2,444 | 518 |
| Manufactures of—Boots and Shoes—Men's | Pairs 1,083 | 2,191 | 2,116 | 5,185 |
| All other | Pairs 1,616 | 3,570 | 2,897 | 7,756 |
| Malt | Bushels 3,242 | | 5,349 | ..... |
| Oils: Mineral, lubricating | Gallons 12,100 | | | 4,566 |
| Perfumeries | | | 1,613 | 2,513 |
| Silk, artificial, manufactures of | | | 2,167 | ..... |
| Wood: Shooks | Number 1,600 | | | 8,000 |
| All other articles | | | 14,590 | 41,718 |
| Total domestic exports | | | 227,065 | 670,766 |
| Total foreign exports | | | | 60 |
| Total exports | | | 227,065 | 670,826 |

A study of the preceding figures, indicating the ascendancy of the United States in the trade of Paraguay, is interesting as showing the possibilities of the future, with its promised increase of tonnage, securing quicker and more regular transportation. It is to be hoped that the time is not far distant when a direct line may be inaugurated between Asuncion and the United States, with calls at intermediate ports. American merchandise is received with much favor. To continue its sale it will be necessary to maintain sound banking connections between the two countries, have American business men visit the country, for—quoting from the letter recently received by the Paraguayan Legation from an American farmer now established in Paraguay—"it is not American goods that competitors fear, but American salesmen." Most of all, however, the United States must purchase Paraguay's productions. They are required by United States industries, and may be purchased on the ground to greater advantage than in the European market. This particularly will tend to establish and cement the understanding and friendship of the two nations, and, more than anything else, will make "dollar exchange" a reality in Paraguay.

Finance and Banking

The financial condition of the country is sound. The general depression produced by the breaking out of the European War was of immediate effect in Paraguay, where business was for the moment all but paralyzed. Inactivity reigned in the customs service, the main reliance for fiscal expenses; gold immediately disappeared. But for the prompt measures of retrenchment taken by the Government, matters might have been serious. The paper currency, exchangeable for gold, peso for peso, at rate of 17.00 (to 1.00), rose in 1914 to 37.00 (averaging 26.00); in 1915 to 40.00 (averaging 33.33), falling during 1916 to as low as 25.00 (averag-

ing 27.60), and, following the entry of the United States into the war, fluctuating between 38.40 and 31.27 (averaging 33.98), and during 1918 falling from 34.51 to 18.18 (averaging 26.35), closing the year at 19.00. On 1 May of the current year it fell to 17.29—practically its pre-war rate.

The amount of paper in circulation on 31 December, 1914-1918 (including nickel subsidiary coins), is as follows:

**PAPER AND NICKEL COINS PLACED IN CIRCULATION FROM 1914 TO
DECEMBER 31, 1918.**

| Year. | Held By Banks. | | In Circulation. | | Total Authorization. |
|-----------|----------------------------|-------|----------------------------|-------|-------------------------|
| | Paper Pesos and Nickel. | % | Paper Pesos and Nickel. | % | |
| 1914..... | 30,442,019 | 33.82 | 59,557,981 | 66.18 | 90,000,000 |
| 1915..... | 49,859,155 | 43.36 | 65,140,845 | 56.64 | 115,000,000 |
| 1916..... | 65,146,466 | 52.11 | 59,853,534 | 47.89 | 125,000,000 |
| 1917..... | 65,437,280 | 52.35 | 59,562,720 | 47.65 | 125,000,000 |
| 1918..... | 59,935,945 | 47.95 | 65,064,055 | 52.05 | 125,000,000 |

COINED MONEY IN PARAGUAY, 1914-1918, AS OF DECEMBER 31.

| | Year and Value in Gold Pesos. | | | | |
|------------------------|-------------------------------|------------------|------------------|------------------|------------------|
| | 1918. | 1917. | 1916. | 1915. | 1914. |
| *In possession of: | | | | | |
| †Exchange Office | 1,463,199 | 1,010,046 | 470,348 | 757,827 | 757,827 |
| Banks | 3,260,283 | 1,520,555 | 1,172,632 | 893,951 | 551,270 |
| Total..... | 4,723,482 | 2,530,601 | 1,642,980 | 1,651,778 | 1,309,097 |

* No account is made of a considerable amount of gold in private hands.

† The Oficina de Cambios, the institution charged with the regulation of foreign exchange.

OPERATIONS IN FOREIGN MONEY.

**(1) DRAFTS ISSUED ON FOREIGN COUNTRIES, 1916, 1917, 1918.
(Valuation in Gold Pesos.)**

| Countries. | 1916. | 1917. | 1918. |
|----------------------|-------------------|-------------------|-------------------|
| Argentina | 9,414,264 | 12,083,069 | 18,985,785 |
| Bolivia ..... | ..... | ..... | 3,000 |
| Brazil | 2,711 | 444 | ..... |
| France | 196,953 | 175,712 | 145,633 |
| Germany | 12,196 | 4 | ..... |
| Holland | 89 | ..... | 24,591 |
| Italy | 31,913 | 63,310 | 113,635 |
| Portugal ..... | ..... | 1,875 | ..... |
| Spain | 55,716 | 90,374 | 119,051 |
| United Kingdom | 210,599 | 188,325 | 341,484 |
| United States | 132,982 | 207,465 | 121,648 |
| Uruguay | 393,721 | 791,178 | 839,714 |
| All others ..... | ..... | ..... | 984 |
| Totals..... | 10,451,204 | 13,601,756 | 20,195,525 |

(2) BUYING AND SELLING OF FOREIGN MONEY, 1916, 1917, 1918.

| | EXCHANGE OFFICE. | | BOURSE. | |
|-----------|------------------|----------------|---------------------------|----------------|
| | Purchases. | Sales. | Purchases. | Sales. |
| | In Gold Pesos. | In Gold Pesos. | In Argentine Currency. | In Gold Pesos. |
| 1916..... | 1,107,111 | 1,326,515 | 9,494,877 | 98,137 |
| 1917..... | 1,363,017 | 1,154,471 | 10,991,863 | 31,517 |
| 1918..... | 1,874,125 | 1,384,579 | 13,849,369 | 27,931 |

CONDITION OF PARAGUAYAN BANKS DECEMBER 31, 1918.

| Bancos. | Paid Up Capital. | | Reserves. | | Deposits. | |
|---|------------------|------------|-----------|------------|-----------|-------------|
| | Gold. | Paper. | Gold. | Paper. | Gold. | Paper. |
| de la Republica..... | 4,000,000 | ..... | 1,500,363 | 300,000 | 1,781,518 | 44,696,403 |
| Mercantil del Paraguay ..... | ..... | 25,000,000 | ..... | 14,100,000 | 1,464,563 | 54,710,557 |
| *Agricola del Paraguay ..... | ..... | 34,590,097 | ..... | 1,734,137 | 4,600 | 2,494,328 |
| Espania y Paraguay.... | ..... | 8,984,000 | ..... | 880,422 | 754,636 | 22,917,717 |
| Constructor ..... | ..... | 1,977,000 | ..... | 80,000 | ..... | 62,956 |
| †Caja de Crédito Com- ercial ..... | ..... | 1,550,032 | ..... | 135,125 | ..... | 1,062,562 |
| *Oficina de Cambio.... | 830,194 | 10,000,000 | ..... | 3,308,688 | 159,070 | ..... |
| Agencia Industrial y Comercial ..... | ..... | 1,363,000 | ..... | 31,813 | 411 | 115,000 |
| Totals, 1918..... | 4,830,194 | 33,461,129 | 1,500,363 | 20,570,185 | 4,164,798 | 126,059,523 |
| Totals, 1917..... | 4,759,528 | 33,112,368 | 1,460,537 | 25,878,131 | 2,195,515 | 134,654,724 |
| Totals, 1916..... | 4,668,909 | 78,278,268 | 1,411,590 | 19,163,864 | 1,539,974 | 131,071,325 |
| Totals, 1915..... | 4,629,244 | 55,184,397 | 1,232,974 | 18,102,102 | 1,205,887 | 114,130,586 |
| Totals, 1914..... | 4,615,868 | 39,195,659 | 1,157,801 | 17,090,606 | 1,335,558 | 81,389,216 |

*National institution.

†Of amount shown, 1,089,992 pesos belong to chattel loans.

CONDITION OF PARAGUAYAN BANKS, DECEMBER 31, 1918—Continued.

| Bancos. | Savings Accounts. | | Loans and Discounts. | | Cash on Hand. | |
|---|-------------------|------------|----------------------|-------------|---------------|------------|
| | Gold. | Paper. | Gold. | Paper. | Gold. | Paper. |
| de la Republica..... | 203,242 | 4,313,564 | 3,870,327 | 27,968,481 | 4,344,509 | 25,937,637 |
| Mercantil del Paraguay | 675,780 | 31,863,001 | 2,585,605 | 85,488,686 | 631,534 | 18,068,667 |
| *Agricola del Paraguay ..... | ..... | ..... | 1,631 | 25,578,810 | 3,589 | 3,425,194 |
| Espania y Paraguay.... | 248,593 | 7,067,928 | 718,162 | 29,950,218 | 276,085 | 10,139,029 |
| Constructor ..... | ..... | ..... | ..... | 2,593,440 | 2,967 | 1,317 |
| †Caja de Crédito Com- ercial ..... | ..... | ..... | ..... | 2,341,674 | ..... | 267,755 |
| *Oficina de Cambio.... | ..... | ..... | ..... | 11,120 | 1,463,199 | 1,489,842 |
| Agencia Industrial y Comercial | 122 | 35,220 | 35,220 | 296,083 | 1,699 | 606,504 |
| Totals, 1918..... | 1,127,737 | 43,279,713 | 7,176,902 | 174,226,512 | 4,724,482 | 59,935,945 |
| Totals, 1917..... | 472,438 | 39,700,332 | 7,093,097 | 163,974,311 | 2,530,601 | 65,437,280 |
| Totals, 1916..... | 306,809 | 38,630,113 | 7,326,697 | 143,636,851 | 1,642,980 | 65,146,466 |
| Totals, 1915..... | 251,680 | 32,919,532 | 7,428,576 | 115,671,483 | 1,651,778 | 49,859,155 |
| Totals, 1914..... | 303,826 | 27,717,368 | 7,886,499 | 105,994,005 | 1,309,097 | 30,422,019 |

*National institution.

†Of amount shown, 1,089,992 pesos belong to loan to Monte Pío (National collateral loan) fund.

DEBT OF PARAGUAY DECEMBER 31, 1918.

| Domestic. | Gold Pesos. | Paper Pesos. |
|--|--------------|---------------|
| Treasury overdrafts anticipating revenues..... | 238,561.12 | 6,240,653.44 |
| Old orders of payment..... | 276,929.63 | 9,516,089.63 |
| *Consolidated 6s of 1915..... | 1,624,450.00 | 23,244,000.00 |
| Consolidated 6s of 1915, fractional..... | ..... | 825,587.20 |
| | 2,139,941.79 | 39,826,330.27 |
| Sinking Fund through Banco Agrícola | 95,158.82 | 6,692,874.90 |
| Net totals..... | 2,044,782.97 | 33,133,485.37 |

*Consolidated bonds in circulation: Gold, 1,497,750; paper, 17,804,000.

| Foreign. | Gold Pesos. | Paper Pesos. |
|--|--------------|--------------|
| Loan of London, 1871-72..... | 3,454,212.28 | ..... |
| Loan of Banco Nacional Argentino | 68,227.45 | ..... |
| Loan, Law of 27 November, 1912..... | 2,090,261.02 | ..... |
| Total..... | 5,612,700.75 | ..... |

SINKING FUND PROVISIONS MADE DURING YEAR 1918.

| Loan. | Gold Pesos. | Paper Pesos. |
|-------------------------------------|-------------|--------------|
| Loan of London, 1871-72..... | 155,172.58 | ..... |
| Loan, Law of November 27, 1912..... | 117,109.00 | ..... |
| Total..... | 272,281.58 | ..... |

NOTE.—Gold peso is valued at \$0.9648 U. S. gold; paper peso on December 31, 1918, was quoted at ratio of 19.00 to 1; on May 1, 1919, at 17.29 to 1.

PERU.

The main paper on Peru, read by Sr. Dr. Francisco Varela y Tudela, the Ambassador of Peru, appears on page 19.

SYNOPSIS OF THE COMMERCIAL EVOLUTION OF PERU.

BY SEÑOR CARLOS GIBSON, FIRST SECRETARY OF THE PERUVIAN EMBASSY,
WASHINGTON, D. C.

A brief synthesis will permit us to form an integral idea of the economic progress of Peru during the last two years, and the new pathways that the development of its enormous resources allows a glimpse of for the future.

Three problems attract the attention of the country with indisputable insistence: colonization, irrigation and railways. To determine these to the best advantage for the National progress is the earnest aspiration of all, notwithstanding discrepancies in creeds, opinions or political parties.

Colonization. For the purpose of colonization, Peru counts mainly upon her valuable forest-lands of the Montaña. With the idea of making these most available to colonists and immigrants, the State distributes them in three forms: (a) by purchase, at the rate of 5 solo (\$2.50) per hectare, deeding it to the purchaser in fee simple title; by rental, upon payment of the sum of 1 solo (\$0.50) per hectare for the first three years, and this term having expired 1 solo (\$0.50) for the area under cultivation and improvement and 2 solo (\$1.00) for the uncultivated area; (b) by contract of colonization which requires a guarantee of 5 solo (\$2.50) per hectare, the cultivation of 10 to 100 hectares per colonist or the abrogation of the contract for the failure of the concessionaire to fulfill his part of the contract; (c) a free allotment of two hectares, rescindable in three years if the colonist does not cultivate them, unless he consents to convert the free allotment to a mortgage paying the corresponding rate per hectare, in which the contract continues. In short, permanent legal possession may be acquired by punctual payment of the small sum of 5 solos (\$2.50) per hectare or about \$1.00 per acre.

Irrigation. The Peruvian executives and legislators have given no less consideration to the question of irrigation. There is a vast irrigable tract where in proportion to the extent of territory only small acres are now cultivated. The fertility of the soil is amply attested by the incomes derived from the exploitation of these small areas.

Sugar. From a cost of 154 to 175 shillings (\$37.50 to \$42.60) per ton at the shipping ports, has sold during the war at an average of 300 shillings in the markets to which it is exported. Peru's sugar production has increased from 150,000 to close on 400,000 tons during war-times, without a proportional increase in the area of the cultivated cane-lands, which was and will continue to be hardly 200,000 acres. However, there are ready for immediate irrigation more than 400,000 hectares, at a cost of \$19 to \$105, according to the quality of the land. Altogether there is an area along the Peruvian coast of more than 20,000,000 hectares of land suitable for irrigation, of which scarcely 500 hectares are actually in a state of cultivation.

Cotton. The price of cotton, of which Peru is also a heavy producer, has certainly been no less flattering. Peruvian Egyptian cotton has sold at £110 (\$550) per ton, and the "Metaffe" at £200 (\$1,000), costing no more than £40 to £44, according to quality. Of these the best, considered one of the finest grades in the world, is a variety peculiar to this country, the rough cotton of Piura, so called on account of the region which produces it. It is possible for one single plantation to obtain five good harvests and at the end of the third year reach the maximum production. Almost the whole national production is exported, scarcely 3,000 tons being used as raw material in the factories established in Lima, Arequipa and Ica, in spite of the superior quality of the fabric manufactured in the country to that of foreign import.

The Laws of Irrigation. Considering such flattering results, the men directing the affairs of the country are trying, resolutely, to push forward the irrigation projects, a law having been in force since 1893, before the actual promulgation of the "Water Laws" which authorized the grantee to use in perpetuity any water under public dominion for the purpose of irrigating the

lands. This act likewise exempts these irrigation enterprises from the duty usually imposed upon imported materials which are required for the construction of hydraulic undertakings, confirms the title to the irrigated lands and exempts them from all taxation for three years, permits the changing of the course of the rivers and free use of government lands, and besides, concedes other franchises. Since 1902 operations have been systematized and placed under the control of the Department of Mines and Rivers, which has organized the Service of Irrigation and has undertaken costly propositions which are truly an exponent of the lofty spirit of progress which animates the country.

The Railways. Also of vital interest is the railway question of Peru. Railroads and other means of communication traverse the country in every direction. Railways extend longitudinally along the coast while others penetrate the Sierras to the very axis of the Cordillera. What the country desires most is to enter the heart of the unexplored forest regions, filled with every variety of rich flora and fauna, a magnificent tract where cabinet-woods, vegetable-ivory and other vegetation and plants abound, a land in which the marvelous soil yields a variety of products, while the rivers carry gold mixed with their waters. This district, perhaps the richest in the country, is the one which it is desired to exploit at all hazards, facilitating access thereto by means of railways. This will be accomplished within a very short time. So far all possible routes have been studied and without counting the existing roads there are four perfectly feasible projects: (a) the connection of the extensive railway system which crosses the southern part of the Republic with the Madre de Dios River; the union of the central part of the country by means of a line which will connect the Carhuamayo station of the Oroya railroad at Cerro de Pasco and the richest copper zone of the country, with some navigable point either on the Pachitea River or on the Ucayali; (b) the proposal to join the Chimbote railway with the Marañon River across the Transandean Valley of the same name; and (c) last, the one which has in view the union of this same river with the port of Paíta in northern Peru. In this manner the Montaña will become linked with the central and northern portions of the Republic.

The Transandean Railroad. The transandean railway enterprise promises to attain a happy conclusion. This project is designed to link up the ports of the Pacific with the Atlantic by means of a line which, starting from Ninacaca at kilometer 25 on the Oroya railway, will extend to the Pachitea. According to recent official information the Peruvian Government has decided to undertake this vast enterprise, perhaps the greatest undertaken in South America within the last decade. Indeed, the Transandean line will surpass, both in its conception and execution, the most favoured projects of lines of penetration to the tributaries of the Amazon and to the Ynugas District, to which Bolivia and Ecuador have respectively devoted much attention, for many years. This line, which it is estimated will cost about \$30,000,000 for a length of 350 miles, will cross the Andes at a point 8,000 feet above sea level, although there is nothing remarkable in this in a country like Peru which has constructed the Oroya Railway, which ascends to a height of more than 15,000 feet. The transandean will be productive from its first year as it is expected to transport 700,000 tons of freight annually, after the first 100 miles have been completed and opened for public service.

The Interior Railways of the Mining Districts. But the Nation, in addition to its Transandean tract, possesses mineral deposits of great value, distributed throughout the whole length of its extensive area. Today, the railways in operation together with those in construction, without counting the Transandean, there are no less than 5,383,473 Km., according to recent statistics and publications. In order to carry these to a successful completion the Peruvian Parliament has voted a permanent reserve fund of £250,000 (\$1,250,000) annually in the budget. By means of incontestable facts demonstrated by actual figures and experience, the public authorities of Peru have been persuaded that national production will increase a hundred fold when the existing lines are able to reach the copper and coal districts of Ancachs, Huancavelica, etc., now operated on a very small scale. It is only necessary to state, that a branch of 15 miles would be sufficient to connect the best carboniferous veins of the country, located in Ancos, in the valley of Chuquicara, with the port of Chinbate.

Production. Metals. The coast and forest-lands, however, do not constitute all the wealth of the country. It has a tract known as the Sierras or table-lands which consist mainly of grazing-lands and mines. The mineral exports from Peru average approximately 305,191 tons, valued at between \$160,000,000 and \$250,000,000. Yet, notwithstanding her enormous mineral wealth, Peru has been exploited upon a very small scale, only two provinces of the Department of Junin, export 90% of their total production. These metals are of high grade ore; and of an average yield of 6% from bids worked on a large scale.

Copper. No less satisfactory has been the price reached by the mineral products in the markets where they are sold; standard copper, which sold, before the war, for £65 (\$325) per ton having fluctuated between £130 and £144 (\$650 to \$720) per ton, costing less than £60 (\$200) delivered in the New York market. On this account the production has vastly increased as before the war Peru never produced more than 30,000 tons of copper annually, and today the production is not less than 50,000.

Of the above total, the American concern, Cerro de Pasco Copper Corporation, extracts 70% and although operating with a nominal capital of \$60,000,000 they have actually invested less than \$30,000,000, realizing a net profit calculated at about \$1,000,000 per month; the normal production being estimated at 3,000 tons per month at a cost of £60 to £70 (\$300 to \$350) per ton and a selling price of £170 (\$850.) This does not include any of the gold and silver, also occurring with the copper. As a proof of the flourishing condition of this Corporation we note that its stock is quoted in the New York market at \$58 with a rising tendency, having almost doubled in the last couple of months, as it was selling in March at \$30; a clean rise of 28 points. We also wish to state that the Cerro de Pasco Copper Corporation is about to invest \$10,000,000 in a new smelter in Oroya, and \$1,000,000 more in a railway line between Morococha, a district which the Company has recently acquired, and a point on the Central R. R. of Oroya, it not having been possible to build a line across this rich tract, which it exploits, due not to lack of funds or the will to do so, but rather to an agreement with the Peruvian Corporation, which has been in force for over ten years.

Other Metals. The same conditions met with by the copper industry, have been experienced with the silver, lead, antimony, vanadium, tungsten, petroleum, and other metal and mineral substances in which Peru abounds. Silver, for example, which before the war, was valued at 24 d. per ounce has since sold for 40 d. per ounce.

The Live-Stock Industry. There has been an enormous increase in agricultural and live-stock activities. High quotations have been reached, not only in the case of cotton and sugar, but also in rice, cocoa, wool, hides and all agricultural products. Stock and farm products have been exported from Peru in an ever-increasing volume which in recent years has never fallen below 262,150 tons valued at £8,855,813 (or about \$44,219,065.)

Wool. A single statement will serve to give an idea of one of the richest and best stocked districts engaged in stock-raising: concerning the wool produced by the sheep, vicuna and llama, of which latter Peru has the monopoly of the world and from which over 200,000 tons of wool are produced annually. According to statistics a moderate estimate of the annual export of wool is put at 6,916,313 Kilos valued at £1,711,734 (approximately \$8,558,670) a good proportion of which is used for manufacturing purposes in the Republic.

Hides. The industry of the preparation of dried and salted hides and kid and goat skins, has developed considerably. Parchment which Peru exports is highly appreciated by the trade on account of its fine texture, softness and suitability for handling, and glove-making. These skins are eminently adapted for the manufacture of high grade articles.

Commercial Enterprise and Navigation. Well abreast of the expansion of the natural resources is the remarkable development of the commerce and means of transportation by land, river, and ocean routes, to such a degree that the tonnage of Peru is beginning to occupy an important place in world trade.

Public and Private Properties. The public and private wealth has increased. Daily, unoccupied territory is being urbanized. In only three months

250,000 square meters were sold along the recently constructed Magdalena Boulevard, between Lima and Callao. Besides this, many other boulevards and building sites are under construction.

The Budget. The fiscal situation is all that may be desired. The Republic has liquidated almost the whole of its debt and the recent budgets have left a surplus. The deficit occasioned during the first two years of the war (1914-1915) was cancelled by a moderate duty laid on the exports.

Bank Notes. The legal tender in form of bank bills is fully secured by a gold deposit in the banks by which the bills are issued, covering 60% of the issue, the remainder being secured by mortgages and notes, which, far from depreciating in value are quoted at a premium of 20 to 30% on the American dollar. Sight drafts have sold in Peru at \$5.50 and \$5.85 per £ (Peruvian).

Exchange. Peru has been enabled to stabilize its exchange, by virtue of an agreement with the United States, by means of which a portion of the amount resulting from the commercial balance may be deposited in the Federal Reserve Banks, and an equivalent amount of paper may be put in circulation in Peru. This circumstance and the enormous commercial development with the U. S. A. which has increased from 33% to 65% during the war, especially in exports, have procured for Peru the honor of figuring among the creditors of the Great Republic, which in turn is the creditor of the great world powers. As a significant fact, we indicate that the first consignment of gold that was sent to any foreign country, in virtue of the recent suspension of the embargo on gold, was sent to Peru through the Mercantile Bank of the Americas, and amounted to \$1,000,000.

All this is a harbinger of the era of national aggrandizement, which has already been inaugurated in Peru, a country intended by its wealth, history and traditions to fulfill the highest demands of destiny.

American Investments in Development of Peru. Although data bearing on this matter has already appeared, it is desirable to particularize the surprising results derived from the investment of American capital in different enterprises in Peru. The principal and most important is the Cerro de Pasco Copper Corporation, whose gross earnings for 1918, from the sale of copper, amounted to \$22,867,807, notwithstanding the momentary fall in the price of copper, while the profits for 1917 were \$2,106,275 higher, with net receipts of \$5,078,868, and \$4,393,352 as dividends.

The original capital of this company was \$30,000,000 and the claims which it has registered with the Peruvian Government now number 1,800, which represent an extensive area of most valuable property, situated in the heart of the richest copper district of the world, whose value is increased by the coal mines of Gollarisquisca and Quishauarchancha; by water rights and agricultural establishments of more than 25,000 hectares in extension; by the hydro-electric power plant of La Oroya, of more than 12,000 H. P., and lastly by the Smelter which daily treats hundreds of tons of ore, the whole concern employing more than 15,000 persons in the mines and offices, all earning very good salaries and well looked after in the buildings erected for the purpose, which include a model hospital equipped with the most recent appliances. The monthly net income of the concern is estimated at \$1,000,000, produced by its Cerro de Pasco and Morococha establishments.

A new smelter, that of La Oroya, has recently been inaugurated, capable of treating 4,000 tons of ore daily. It is worthy of note that the Cerro de Pasco Copper Corporation is able to place its copper on the New York market at the lowest possible cost, as low as any other producer and lower than most. This result, Mr. Harding stated, at the last annual meeting of the company, during which he furnished much interesting data on the work accomplished, is due to the high proportion of gold and silver which the ore contains and the cheapness of labour in Peru. Apart from the 200 American, British and Canadian employes working for the company, the remaining 5,000 are natives belonging to the mountainous regions of the Andes and able, therefore, to withstand labour in the mines without hardship.

Morococha. The Morococha Mining Company owns about 1,200 "per-tenencias" or claims, situated in the district of Morococha, with a powerful plant of 44,000 H. P. for the exclusive use of the mines. This is another of the very flourishing American concerns of the region.

The Cerro de Pasco Railway Company carries the ores and metals from the mines to the port of embarkation, taking advantage of a branch line which unites Cerro de Pasco with the Oroya, where it joins the Central Railway which continues on to Callao. The above mentioned branch line is 132 kilometres long, its freight rates are fair and the rolling stock comfortable and well cared for. Locomotives are driven by two electric motors of 100 and 50 H. P. respectively; the staff consists of several officials and about 200 workmen.

The barometer for appreciating the development of the district is undoubtedly the returns of the railroad which, with its shops and regular schedules, cooperates efficiently with the neighbouring towns for their advancement. The continuously prosperous condition of this line can be appreciated by the fact that since 1914 to date, the monthly quantity of mineral freight conveyed has been 488,544 tons.

Other American companies of no less importance, although they have not developed as rapidly as the above mentioned, are to be found in Arequipa, Carabaya and Sandia, southern provinces of Peru; such are the Andes Exploration Company, which works the copper mines of Cerro Verde; the Inca Mining Company, the Inca Gold Company, both gold-mining concerns, the Inambari Dredging Company, which achieved very good results from the drainage of the auriferous rivers in the region from which the company takes its name; and the Humboldt Gold Placers Company, which exports considerable quantities of gold obtained from Montaña de Puco.

PERUVIAN TRADE AND INTERNAL CONDITIONS

BY SEÑOR JOSÉ CORBACHO, DEPUTY TO THE PERUVIAN CONGRESS.

Mr. Chairman: Taking advantage of the recess of the Peruvian Congress—of which I am a member—I have made a trip to this great country, having as one of its principal objects to inspect the industrial centers, in order to take back with me to Peru a collection of samples of American goods, and also to become acquainted with the deficiencies of the commercial intercourse between the United States and South America, and concerning the complaints which have been formulated against the same.

No better opportunity could be offered to me than that with which the Director General of the Pan American Union has honored me in inviting me to make known before this Second Commercial Conference the data which I have been giving to merchants with whom I have come in contact since my arrival in this country.

In the following synthetic resumé, I will speak with frankness, and although it may not be an agreeable task, I entertain the conviction that in treating commercial questions which aim towards a better development of the different countries, the language of diplomacy as well as every conventional formula which hides or disguises the truth and impedes the exact knowledge of the situation, should be set aside.

The usual international courtesy, which converts congresses and conferences into literary contests and acts of mutual eulogy, tend to make them move in a vicious circle, but without failing at the same time to sanction practical formulas.

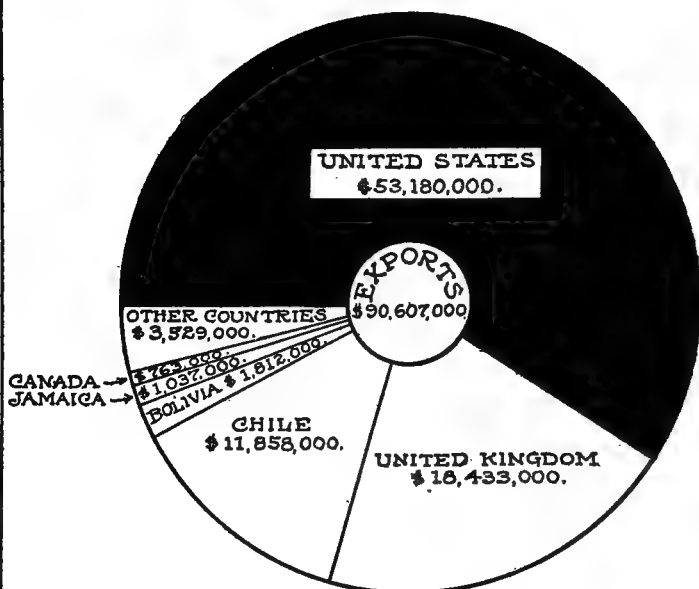
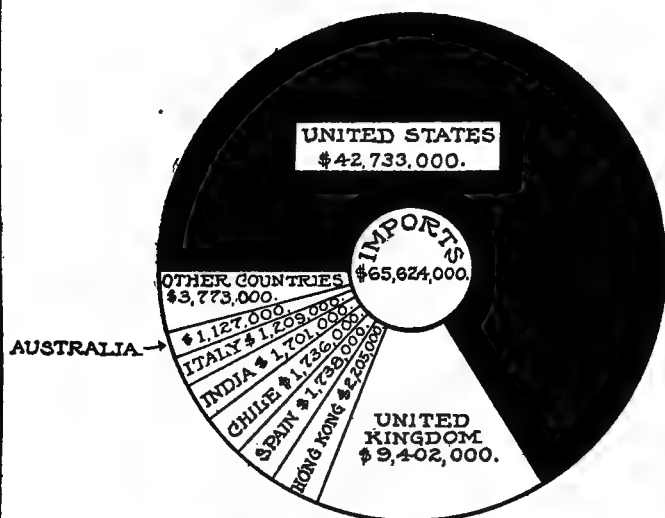
Consistent with these principles, I take the liberty to transmit to the consideration of the Second Commercial Pan American Conference some of the many complaints which in South America are made against American merchants; to denounce the factors which contribute to weaken commercial relations; to point out a serious danger which is being presented in a large measure, and to state the measures which I consider indispensable, in order to save the commerce of this great nation from experiencing a breakdown in its relations with the Latin American countries.

It should be granted that American commerce was not prepared to enter into business with the South American countries on account of the lack of a better knowledge of the geographical conditions of each country and of the psychological conditions of their respective peoples; it should also be granted—as regards Peru—that to this ignorance have contributed the prejudice and falsehoods spread by these interested in the monopoly of their commerce and which have always striven in their eagerness to retain it, to ward off competition by misrepresenting

PERU

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TOTAL \$ 156,231,000.



us and depicting us as a savage, revolutionary and unreliable people, through publications which periodically and systematically are made in some of the New York dailies and which are energetically refuted by the Peruvian press. Thus, the unexpected intercourse, caused by the war, and without a basis of these two primordial factors—geographical and psychological knowledge—have produced a result unfavorable to the prestige of American commerce, because it has singled out some serious deficiencies and errors, and from which South American merchants have experienced real and positive losses, all of which have brought about a longing for the resumption of the former commercial relations with the European nations. I can summarize the main complaints formulated as follows:

Poor quality of some articles; higher cost of others with regard to similar European goods; tardy filling out of orders; lack of knowledge regarding climate; means of transportation, tastes, usages, customs and psychology of the people, etc.; sending of goods of a different quality from those agreed upon, alteration in regard to the prices stipulated, in many cases increase of it on the merchandise already paid for but not sent; improper packing in some cases, and in other cases duplicating the value of same by their excessive weight; intervention of agents, commission people, etc., who charge excessive commissions, exploiting the producer and the client, preventing a direct understanding; difficulties for shipping; diverse taxes including those charged across the Panama Canal; losses produced by exchange, and, finally, the most serious of all, credit terms of very brief periods in some cases, and in others, refusal of credit by exacting a cash payment.

To the above should be added the plague of agents sent abroad, who speculating with the products of the houses they represent, are their worst enemies, and the most efficient means of disrepute to them. They do not content themselves with gaining a commission, but sell the articles fixing their own price at will. I will cite a case of an agent of an automobile firm which sells \$1,000 cars in Lima, Peru, for \$2,500. Another concern sells as brand new, second hand cars purchased in New York. It is sufficient for my purpose to cite these two cases to show the conspiracy of agents abroad against the prestige of American commerce.

Very much mistaken are those who think that with the downfall of Germany will disappear the menace for the peace and security of the nations of the world. Upon the ruins of that empire there has arisen another more imperialistic and more threatening in its tendencies, more dangerous on account of its practical methods and by certain ethical and psychological conditions superior to the white race, and more efficient in accomplishing their ends. Whilst the United States comes out in defense of civilization, as the standard bearer of Right, of Justice and of Liberty, with the weight of its great financial power and the heroic effort of her sons in the battlefield, on the other hand, Japan without waste of resources, and men, employed during the period of the world's struggles, her activities and energies in pushing off the American goods from South American markets in order to occupy the place formerly held by Germany in the industrial and commercial world.

The tendency of Japan to expand towards the South American peoples, specially in Peru, was made known by the words uttered a few years by one of the Japanese Ministers of State, who declared in Parliament, that Peru in view of the reports which he had had from their agents, was the country selected for its expansion, because to the favorable climate conditions and natural richness, there were to be added certain strong racial analogies of a common origin. This most unusual declaration was not then taken seriously, and only some ironical and jocular comments were made by some of the South American papers.

To a period of study and preparation by means of able secret agents who fulfilled admirably their mission of investigation, under cover of the most humble services and trades, there is added their immigration to South America and specially to Peru in such an alarming manner, that at present it preoccupies the public as well as the statesmen in the solution of this great problem.

The culmination of the campaign of expansion developed by Japan during the last five years, remains graphically verified by the following facts: Establishment of banks and commercial exchanges in the principal capitals and commercial centers of South America; monopoly at present of commercial transactions relating to low priced articles, specially in Peru; great maritime activity by the increase of her merchant marine, consisting of modern transoceanic ships built in her own docks and which arrive weekly at the ports both on the Pacific and Atlantic

Oceans, flooding the markets with articles adapted to the necessities of each country and at low cost and produced by 14,000 new industries; supplanting German goods by those made in Japan and of the greatest variety, from repair pieces for American and European machinery to electric lamps, plows, pianos, etc., publishing statistical data which reveal a progressive increase of marriages between Japanese and South American women; establishing colonies on some of the great rivers of the Continent; purchasing extensive tracts of land in several countries, carrying out an active and insidious propaganda and entering into secret treaties with some countries.

Such are briefly sketched the maneuvers of this formidable competitor which through the mouth of one of its most representative statesman, Minister Okuma, has affirmed not long ago that the South American countries at no distant date would form part of the Japanese empire, a bold declaration which was opportunely and eagerly refuted by a South American diplomat accredited in that country. In a word, sixty million of the yellow race are engaged in preparing the commercial, industrial and financial bankruptcy of the people of the white race.

All the facts which I have indicated and which affect and jeopardize American commerce in South America are not insuperable, if there can be brought about at once the meeting of the next Commercial Financial Congress in one of the American capitals, in which there shall be sanctioned, commercial treaties and a free interchange, creation of arbitral tribunals, etc., and recommendation of the nullification of restrictions, limiting the sphere of action of maritime commerce, amendment of custom house duties, reduction of postal tariffs, extension and cheapness of cable charges; repeal of taxes; shipping facilities, and a series of measures which will cheapen production and facilitate the interchange, resisting thereby successfully Asiatic competition.

Besides, it is necessary to send committees of investigation, like those sent by Spain, of representatives of the industries so that they may establish the actual conditions and the possibilities of the future, such as those of manufacturers and shippers from England who with a similar purpose are now on the way to South America; to establish permanent expositions; to grant economic facilities, such as long credit terms; to employ citizens of the respective countries where the exports are to be made; to send agents who know the language, and the psychology of the nation, and to eliminate commission agents, and middle men, thus establishing a direct communication between seller and buyer.

This, and much more which is not possible to enumerate, supplemented by efficient diplomatic consular services, and by the knowledge of the Spanish-American language and psychology, will surely ward off the crisis which is drawing near and which I have tried to sketch roughly.

I hope that you will excuse me for the apparent abruptness of my criticisms, and I beg you to bear in mind that any effort aimed at the conspiracy of silence is just and worthy of consideration.

From the factors above mentioned, will be seen the interest which prevails in my country for the success of a more intimate commercial relationship with the United States, and this is still more evident if we bear in mind that Peru from its independence from Spain in 1821, until the present day, has given proof of friendship, sympathy and adherence to the United States.

Peru is the cultural centre, which, since the remote prehistoric times has impressed its civilizing influence from North to South in the South American continent; which during the Empire of Incas with its advanced spiritual culture, was getting ahead of the political ideal that the greatest thinkers of the century had preached; which during the Colonial times concentrated in itself the splendor and brilliancy of that historic period of America; which in 1850 was the first military, naval and economic power in the continent, and which is now marching by virtue of an infallible cyclic law, towards a new renaissance in the fulfillment of the prophecy formulated by the great Humboldt when he foretold that Peru would be towards the end of the century the centre of a stupendous civilization, and, who after having studied and becoming acquainted with its colossal riches exclaimed one hundred years ago; "Peru is a beggar sitting in a bench of gold."

It behooves North American capital to transform that bench of gold for the mutual benefit of all, and it should not be forgotten that the great Roosevelt has said that: "The coming century is the century of South America."

The present time, therefore, cannot be more favorable for North American merchants and investors, because the people of Peru have in a democratic and

overwhelming manner elected, as their president for the term beginning next August, the most eminent statesman which my country has produced in the last fifty years; Señor Augusto B. Leguia, who was, until very recently, the President of the Latin American Chamber of Commerce in London, which he founded.

When Señor Leguia was in Washington and New York, three months ago, he came in contact with the ablest statesmen and financiers of this country, and the press of the United States has given publicity to his ideas and plans for closer commercial and political relations, and for encouraging the investment of North American capital in the exploitation and development of the incalculable and inexhaustible wealth contained in the Peruvian territory, which have justly given origin to the proverbial Spanish expression "Vale un Peru" (It is worth a Peru).

A very important and decisive factor today ensures Pan American solidarity and brings the Latin American peoples closer to this country, a factor which has already gained the gratitude of the civilized world.

The sublime and noble doctrine given to the world by the greatest apostle of modern times, a man to whom, in the course of time, the words addressed by the Peruvian Indian Choquehuanea to Bolivar, the Liberator, would be fitting. Those words were: "With the lapse of centuries your name and your fame will grow as the shadow grows when the sun declines."

SALVADOR

SALVADOREAN TRADE CONDITIONS

BY SEÑOR ATILIO PECCORINI, SECRETARY OF THE LEGATION OF SALVADOR, WASHINGTON

(Read at the Evening Session of Tuesday, June 3)

The Republic of Salvador distributes its export and import commerce principally among the United States, England, France, Italy, and, formerly, Germany. By reason of the war, lately most of the trade of Salvador was with the United States and England.

With the neighboring Republics of Central America there is an interchange of merchandise, but on a small scale, inasmuch as all of them produce, more or less, the same articles. A tendency among the central American countries has been to constitute a customs union, but thus far there is only one treaty of trade reciprocity between Salvador and Honduras for products originating from either country. With the rest of Latin America our commerce is only beginning and just at present nothing fortells that there will be a more important interchange, inasmuch as in general their products are about the same, while the need of all the Republics is to give their natural products in exchange for manufactured products.

Imports into Salvador amount at present to nearly \$10,000,000, and the exports to over \$20,000,000, thus the balance of trade in our favor is over one-half. Our principal staple is coffee, which represents seventy per cent of the total exports. Then come gold, silver and ore bearing those metals. Our indigo, which is considered the best in the world, produces large profits to our farmers. All indications point to an increasing prosperity in Salvador, and the best efforts of our present Government are directed to encouraging commerce and agriculture, the main sources of our wealth. The Government strives to strengthen the progress of the country upon a solid basis, which affords it stronger credit abroad. Reliability and honesty in the management of public revenues have ensured the finances of the country upon well defined and sound channels.

The economic and social advantages derived from the Free Trade Treaty of Salvador and Honduras have induced the other central American countries to negotiate similar treaties, and it is more than probable that in no distant future all the Republics in the Isthmus will be bound by the solid ties of commerce.

The following suggestions are confined to submitting to the consideration of the Second Pan American Commercial Conference certain points which in my judgement involve the commercial problems of America.

First of all we should take into account the natural difference in the products of the tropical and intertropical countries, and those of the temperate or cold regions of the Continent.

Among countries which are similar as regards production, commercial interchange must be limited. At least it must be so long as such countries are merely agricultural.

The regions of the north and those of the extreme south of this continent differ of course in their agricultural production and naturally among them must take place the commercial interchange of natural for manufactured products. Hence the greater part of Pan American commercial transactions will have to be made for the present time between North America and the tropical and intertropical countries of Latin America. The United States does not produce to a great extent articles which are indispensable to it for its own material support, and for the manufacture of its products, while our countries need almost all the American manufactures. The Latin American field is enormous and the opportunities for the commercial development are even greater. It is the land of promise for the world's commerce. All of Europe will have to seek the markets of this Continent and preferably those of Latin America. A tremendous struggle of competition between the European countries and the United States will ensue, the issue of which will depend upon the methods employed.

France in former years controlled our export commerce and almost all of the import trade. It was later replaced by Germany and England, and it was only as a consequence of the war that the United States came to occupy a permanent position in Salvador's trade.

Salvador's experience has been that England was her best customer, because she offers good terms and fulfills most religiously her agreements in regard to consignments, treats her clients with the utmost consideration, and extends to them special facilities.

The United States cannot be in a more favorable position to extend their commercial intercourse and to send their products to us. In order to have the best success towards this end, good faith and as a consequence, absolute confidence must be reposed on the houses to which they send their goods; facilities of credit and extension in payments should be granted as is done by England; an effective propaganda should also be carried on both by the press as well as by traveling agents carrying with them all sorts of samples. Frequent steamship lines and transportation facilities should be established, and lastly commercial treaties should be entered into.

It is not possible to pass over in silence what should be the fundamental reason of American commercial expansion, namely, will the intensity of the interior commerce of the United States permit this nation to send out vast amounts of their products without injuring the reserves required to satisfy the needs of their own domestic markets? If the United States have not a great excess of their goods for export purposes, the triumph of commercial supremacy will surely go to the European countries. But if the United States sacrifices part of their own domestic commerce in order to strengthen their position in Latin America, the internal disadvantages in the commercial sacrifice will be amply compensated by the advantages of a liberal commerce between this country and those of Latin America, which would send their products under the most favorable conditions, affording to the North American public these products at moderate prices. This could be easily arranged by means of commercial conventions which could become the basis of a future Pan American League, and which in due time would be the foundation of an inter-American free commerce.

URUGUAY

URUGUAYAN FINANCES AND TRADE

BY SEÑOR A. REY O'SHANAHAN, URUGUAYAN CONSUL GENERAL IN BELGIUM, LATE
DIRECTOR OF COMMERCIAL BUREAU OF THE DEPARTMENT OF FOREIGN
AFFAIRS OF URUGUAY.

The total sum in circulation on March 31, 1919, of the Uruguayan Public Debt (internal and external bonds) amounted to \$160,000,000 nominal pesos, quoted as follows:

| | |
|----------------------|---------------|
| 3½ per cent bonds at | 69 per cent. |
| 5 per cent bonds at | 89 per cent. |
| 6 per cent bonds at | 96 per cent. |
| 6½ per cent bonds at | 102 per cent. |

The property of the State represented by government personal and real estate producing and capable of producing income, has an actual value in excess of the amount of the foreign and internal debt issued. The interest on this debt has always been paid abroad and at home at its maturity.

The Government has guaranteed a profit of 3½ per cent yearly to railroads owned by foreign companies, over an extension of 1,710 kilometers. The profit from the business of several of these lines has already relieved the Government from the payment of guaranties, the companies turning into the Treasury all amounts in excess, in accordance with the franchise contracts.

Government appropriations are paid when due, without delay, and the Government's signature is accepted by the financing and commercial world with preference.

The Bank of the Republic (Banco de la República) was authorized by the National Government to grant loans to England and France to the sum of 30,000,000 pesos to facilitate the acquisition of Uruguayan products. The same bank is at present trying to grant similar loans to other European countries.

During the last five years the international rates of exchange have been favorable to Uruguay. Up to May 6, 1919, the rate of exchange on the Uruguayan peso was as follows:

On London, 59½ pence; Paris 7.02 francs; Antwerp, 7.00 francs; Switzerland, 5.60 francs; Italy, 8.60 liras; Spain, 5.60 pesetas; United States, 87 cents.

The rate of interest on discounts varies between 5 and 6 per cent per annum, according to the nature of the transaction, and the rate of interest on overdrafts on accounts under one single name varies between 6 and 8 per cent per annum.

From 1914 until December 31, 1918, the balance in favor of Uruguay from the commercial and financial interchange, according to the estimate made by the Bureau of Commercial Affairs of the Department of Foreign Relations, amounted to 130,000,000 Uruguayan gold pesos, and this balance ought to be increased, taking into consideration the fact that the value of exports is higher than that of imports, deducting the remittances abroad on account of the service of the debt, and the transactions of commercial and financial interchange.

The Government owns the following banking institutions: Banco de la República Oriental del Uruguay; Banco Hipotecario del Uruguay, y Banco de Seguros del Estado. (Bank of the Oriental Republic of Uruguay; Mortgage Bank of Uruguay, and Government Insurance Bank.) All of these institutions are governed by their organic charters, which are national laws, and their management is under officials appointed by the President of the Republic with the consent of the Senate.

On December 31, 1918, the statement of the Bank of the Republic was as follows:

| | |
|----------------------------------|-----------------|
| Authorized capital | \$25,000,000.00 |
| Paid up capital | 16,741,060.70 |
| Bank notes in circulation..... | 55,649,927.00 |
| Gold in cash | 43,672,841.79 |
| Silver and nickel in cash..... | 46,587,772.96 |
| Deposits | 32,872,860.00 |
| Discounts and loans | 52,000,000.00 |
| Stocks and bonds in deposit..... | 92,415,341.96 |

The amount of coined gold on hand represented 86.20 per cent of the bank notes in circulation convertible into gold. The Bank of the Republic regulates the financial market and engages in all general banking transactions, including rediscounts to other banks. In 1918 it had a cash movement of \$1,295,490,363.02 with an average of \$3,636,146.98 on the net profit of \$1,944,118.61.

The combined general movement of all the nineteen national and foreign banks established in the country does not as a rule reach that of the Bank of the Republic alone. The National Mortgage Bank issues first national bonds on real estate which bear income, and these bonds have a subsidiary guarantee from the Government, bearing 6 per cent interest and are quoted at 99 and 102 per cent according to the series to which they belong. The bank has an authorized capital of \$5,000,000,000, of which on November 30, 1918, \$1,206,170.63 had not been paid up. It has issued cedulas to the nominal sum of \$2,114,400 in mortgage bonds to the amount of \$38,232,525. The property mortgaged represents the assessed value of \$87,127,542.81.

Most of the mortgage bonds have been absorbed by the public thrift of the country, and only about \$2,000,000 worth of nominal bonds are held abroad.

The Government Insurance Bank was founded with a capital of \$3,000,000 and deals with fire, life, accident, maritime and agricultural insurance, etc. In February, 1919, its movement gave the following balances:

| | |
|---------------------|----------------|
| Liquid assets | \$4,760,605.06 |
| Reserve | 1,969,126.83 |

The bank has absorbed 80 per cent of the insurance in the country, and does business in combination with the large foreign companies in active and passive re-insurance. Its transactions have the subsidiary guarantee of the Government.

The total mileage of the railroad lines in operation amounts to 2,504 kilometers, and at present the Government has under consideration several branches for the construction of new lines, and the extension of the existing ones on the basis of construction and operation on account of the Government, in the same manner that it operates, through independent companies, the electric plants all over the country, with very satisfactory results for the public service, because the rates for light and power are very low, in spite of which the annual profits from the operation of these plants exceeds 1,000,000 pesos.

The port of Montevideo has been built by the Government, which operates it through an independent Board of Directors. Its construction has been totally paid up. Its operation with reduced rates is carried on with the idea of paying the expenses without any consideration to the curtailing of the cost of construction. The port is equipped with a modern outfit for the rapid loading and unloading of merchandise, and the hangers and warehouses of large capacity are built along side the wharf, which has a draft of ten meters in low tide. Such are the facilities for handling merchandise that, as a rule, cargoes are unloaded at the rate of 1,400 metric tons in ten working hours. The port of Montevideo is the 'cheapest in South America for shipping and trade; it is a free port for the storing of merchandise in transit, which can remain in the customs warehouse during one whole year without payment of taxes. It is likewise equipped for merchandise in transit to the neighboring countries as well as for the interchange with Bolivia and Chile. There are besides, the following river ports: Puerto de Sauce, Colonia, Paysandú y and Salto, all of which are perfectly equipped.

The statistics for Uruguay alone show the commercial movement in so far as it refers to exports and imports proper, as they do not include the movement of merchandise in transit to other countries, which is of considerable importance, because the commerce of Uruguay operates largely in combination with Argentina, Brazil, Paraguay, Bolivia and Chile.

The business world of Uruguay has for many years enjoyed a very high reputation on account of the integrity and promptness of its operations; it transacts business upon sound bases; it is characteristically conservative; it does not operate on foreign credits, and it is very prompt in the fulfillment of obligations and demands from the foreign merchants the same conditions.

I consider that it is interesting for the business men of the United States to enter into relations with Uruguay, and that they should send to that country capable representatives who will earnestly endeavor to know the country, its im-

mense wealth and the practical means which it has for the development of trade and the establishment of industry. I strongly recommend sending to the Uruguay active men who know the language of the country well, and who will devote all their energies to strengthening the commercial and financial relations with the United States.

Note—In Uruguay there is no income tax. The bonds issued are guaranteed by the State and are free from all taxes; real estate is taxed by $6\frac{1}{2}$ per cent per thousand on the assessed value. There is a law in force which exempts new industries from the payment of taxes during ten years, and which grants franchises for the importation of machinery.

VENEZUELA

COMMERCE, INDUSTRIES AND FINANCES

BY DR. JOSÉ SANTIAGO RODRIGUEZ, SPECIAL AGENT OF THE UNITED STATES OF VENEZUELA.

(Read at the Evening Session of Tuesday, June 3)

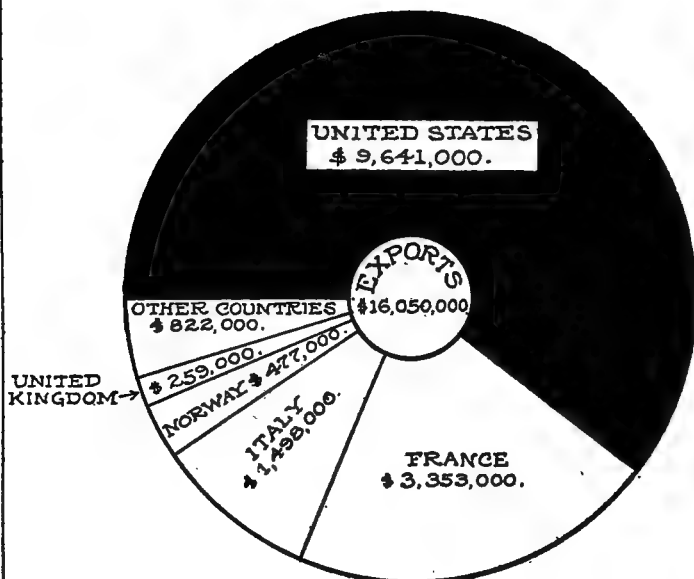
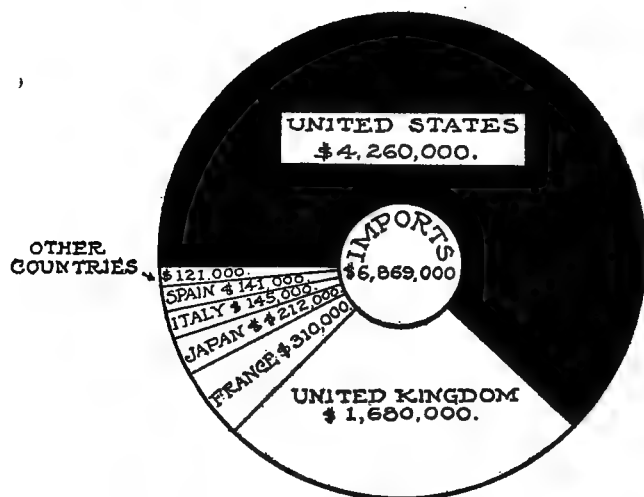
As the powerful forces of the war, which has happily ended, destroyed the foundations upon which the economic system of the world was based, and the fire of this catastrophe reached directly or indirectly all the corners of the globe, the necessity of a readjustment of commercial relations is today, as it were, a powerful voice which is calling Pan America to this meeting. But that sonorous voice, which is the expression of a great necessity has in America a transcendent and a unique significance, for it is also a safeguarding instinct which transforms itself in that current implying sympathy in reciprocal intelligence, in cordiality and, even more, in fraternity, which is the high and genuine expression of this Pan American assemblage. The fact is, that the present situation through which the European Continent is passing, so pathetically described not long ago by one of the most prominent representative men in financial America—Mr. Frank Vanderlip—and the powerful development that will be reached by the new mercantile route of Panama, make it necessary for Pan America to be the star or the lighthouse which will guide new economical developments in the future. The present moment is, therefore, one of those decisive occasions in which Pan American thinkers need to close their rank and file in order to reach the apex of a great purpose, which is identical for all Americas, because it consists in insuring for the present and for the future the great economical development that the Pan American continent is bound to reach and must reach by all means. But that purpose could not be carried out if we do not avail ourselves of this special occasion to get together and agree concerning the basis of that development, and concerning the rules of equity to be adopted as a standard; because if there should arise by some reason, any antagonistic and irresistible currents between the nations of America, and if these currents are caused by complete disagreement regarding economical plans an armed struggle is bound to result, thereby destroying our portentous Pan American unity which is the strongest support and the highest democratic ideal ever created, and the vigorous nucleus of a new law which as a shield is capable of protecting the highest ideals of contemporaneous mankind.

Venezuela is united to all Pan America by ties of friendship, from people to people, and feels a great satisfaction in attending this Conference with the same vivid enthusiasm shown by all governments of Pan America. She has followed step by step the great task Pan Americanism which, with such a lofty purpose, is being carried out so happily, day by day, by the great institution which has promoted this Conference; and she has not only followed those steps, but also has had the good fortune and the honor to associate herself very actively in that transcontinental work. I should like very much to apprise this Conference of the legislative efforts Venezuela has made in the last few years in order to be ready for the full development of her immense and untold resources and to offer inducements to foreign capital and to industrial enterprises. The law of railroad concessions, for instance, is conceived in a very generous spirit. Concessions of this kind are granted to Venezuelan or foreign companies and also to private individuals. The privilege for the exploitation of railroads may be extended to cover a period of forty years, and during that time no concession is granted for the establishment of another line or the construction of aerial cables which may compete with such a railroad, within a zone of 20 kilometers on each side of the line. It is sufficient, however, that an option be reserved in the contract in order that the extension of the road may be lengthened if the contractor should so desire. The companies entering into such contracts are not subject to the payment of any special taxes; they are granted the full title of the National Waste Lands (belonging to the Nation) for their lines, stations, offices and depots. The railroad proper may be built within a line 60 meters wide. Railroad companies wishing to build a railway in Venezuela may also obtain lots of land still

SALVADOR

FOREIGN COMMERCE 1917

TOTAL \$ 22,919,000.



larger for the purpose of establishing colonies therein and this may include grants of 100 hectares of land for each kilometer of railroad constructed. As these enterprises are considered of public utility, the law recognizes their right of expropriation of private land where the railroad line offices and depots are to be located. Besides these advantages, they are granted the following franchises: Free introduction for the first 25 years of the material, machinery, tools and other apparatus necessary for the construction, exploitation and maintenance of the lines; the right to cut from the national forests, without any indemnity whatsoever, the necessary lumber for the construction and maintenance of the lines; the right to use from the national lands the necessary material for the same purposes; permission to build telegraphic and telephonic lines for the service of the company and lastly, not be liable to military service except in case of international war. In contracts relating to the developments of plantations and other agricultural enterprises, where the granting of lands to the families of the immigrants is made, the former shall not be less than four hectares in area, and the immigrants shall receive in advance all that will be deemed necessary to build their homestead, purchase implements, seeds, beasts of burden, and live stock. At the expiration of the contract, he shall have to option either to acquire full title of the land or receive payment for the improvement that he may have carried out. The families that may be contracted for agricultural enterprises shall not be obliged to labor in the property of such enterprises for more than four days per week during harvest time and not more than three days for the rest of the year. Any company or private individual may bring immigrants into the Republic. The law expressly says: "The government shall take the necessary measures so that the immigrants will not be deceived by false promises or inaccurate information concerning the conditions of Venezuela as a country fit for immigration." The ships employed for the transportation of immigrants enjoy all kinds of franchises in Venezuelan ports. Each of the first 100 families that may be established in each section destined for colonization shall receive, gratuitously, a grant of land of 25 hectares and ten more hectares for each child over ten years old. The rural lots of land are sold to them at the rate of ten dollars per hectare, payable in ten annuities, and the first payment is to be made only at the expiration of the second year. Immigrants enjoy the benefit of very many advantages, for instance:—the law recognizes the right of their free use of the homestead for one year; they may obtain in advance the implements and beasts of burden, seeds and live stock and the necessary food stuff for at least six months in warm climates, and for one year in colder regions, also the necessary material to build their homesteads or the money to purchase these articles. The immigrants are granted a term of five years to reimburse the advances, which he shall begin to repay at the expiration of the third year, and the government also furnishes them with free transportation necessary from the port of debarkation to the region where the colony is to be established. Moreover, the immigration contractors that will carry out their contracts, as an inducement, have besides the advantages already mentioned in said contract, the right to the product of the sales of rural lots of land, not included in the contract, also a right to twice the amount of the land which they may cultivate for their own account. If within the first ten years, these lands prove to be cultivated with productive plants and the area of these productive lands is one-third of the whole granted and immigrants have been used in its cultivation, the contractors have the right to the rest of the land that has not been granted or sold to the immigrants. This colonial development is stimulated by means of gratuitous concessions of new lots of land or by means of prizes in cash given to the immigrants which have established industries in the colony or that have introduced any new departure unknown in the country. Immigrants are also given a prize of ten dollars for each thousand trees of cacao or 1500 trees of coffee or thousand fruit trees in the lands comprised in their grants. Immigrants have also the right to the immediate establishment of primary schools. A cooperative association between them shall be the means by which they shall attend to their needs, credits, savings, insurance, purchases and sales and agricultural improvements thereby furnishing them, as the law intends, all the moral advantages of reciprocal help and of the unity of efforts for a common purpose.

I also could mention other laws, but suffice it to say that by virtue of the resolution of the Pan American Financial Conference, which met in this city

in 1915, Venezuela created a High International Commission which has been co-operating in the fulfillment of the purposes of the aforesaid conference. It has been the purpose of that High Commission to obtain rapid, cheap and regular connections with the principal ports of the United States and Latin American countries; adopting as a general thesis the project of uniformity in our laws regarding letters of exchange accepted by the conference of The Hague in 1912; reformation and improvement of Venezuelan legislation concerning trademarks, establishment of international money orders and, lastly, the important matter of Parcel Post. Venezuela has gone even further, and has taken a transcendental measure in her desire of getting still nearer the other nations of America. I refer to the creation in the Department for Foreign Relations of a special section which will be used for that particular purpose. I may assert, without hesitation, that this reform shall yield very promising results in the expansion of the Venezuela Foreign Trade because the Department shall collect all the data relative to the economic and mercantile situation of all Latin American countries and shall be in a position to study, therefore, the economic, mercantile or physical results that may supervene and that are affecting or may effect the commercial situation of other nations, because it shall analyze actual conditions of Pan American navigation and transportation; because it shall prepare reports concerning the economical and mercantile situation of the other nations, thus using this valuable data as a guide in its treaties and mercantile covenants with these countries, because it will exert a powerful and decisive influence upon our Consular Service abroad and consequently, will be enabled to introduce in the latter the reforms that may be necessary for our commercial expansion, as required; because it will direct the international propaganda of our products, of our resources and possibilities with the purpose of procuring the greatest development in our economic system and, lastly, for the reason that it shall make comparative studies on legislation affecting economics and shall recommend the enactment of new laws to facilitate international commerce, thus knowing what is and what is not objectionable in that trade. With that end in view, our present and eminent Minister of Foreign Relations, Dr. Esteban Gil Borges, has stated in the annual report which he has submitted to our Congress now in session, "that the Department for Foreign Relations will take an active part in the organization of our foreign trade. Measures have been taken," he says, "and are being taken towards this end and this Department has, after mature consideration, already begun to execute with happy results a plan of economic expression which is very promising to our growing prosperity and our national production and for a full development of our foreign trade."

The Special Mission which has afforded me the honor of visiting this great country synchronizes with that program of mercantile expansion I have just mentioned. Trade between Venezuela and the United States is being developed in a very progressive and intensive manner and a strong current of foreign capital, which in Venezuela has found ample security and a large field for its application and operation, is a sure promise that new capital will be invested, gradually, for the development of our immense and unexploited resources, of our most fertile soil and of our rich subsoil. It is plain to be seen that there is new energy animating all our business men. The Chambers of Commerce have been recently organized by the most accredited and the most authoritative and representative men in our finances and commerce. An agricultural and live stock exposition will be opened within a few weeks, and as a proof of the great interests here in the United States, a great quantity of American products shall be exhibited there. We are lacking but means of deep sea transportation. They must be rapid and fully capable to supply the demands of our trade. We also need foreign capital to bring people to our shores for agricultural and live stock development, for the exploitation of our very rich mines, and for the progress of our industries. This Conference brings to light the connections that Venezuela desires and is seeking to establish on a firmer basis, because it keeps pace with the great contemporaneous ideal of Pan American unity in thought and action, in the amplest development of all-America, and, therefore, the Venezuelan delegation appointed to this Conference, to which I belong, avails itself of this occasion to express to this distinguished assemblage, through me, the most sincere wishes for the greatest success in its deliberations.

TRADING WITH VENEZUELA

By SEÑOR PEDRO RAFAEL RINCONES, CONSUL GENERAL OF VENEZUELA IN NEW YORK.

(Read at the Evening Session of Thursday, June 5)

Mr. Chairman, Ladies and Gentlemen: I present my respectful greetings to the Governing Board of the Pan American Union and to its worthy Director General, who have called this Commercial Conference, the purpose of which is to bind together in closer commercial relations this great country, and the Latin American Republics. It is to be hoped that in the trade exchange which in these latter years has perforce gone on increasing, the labor may be fruitful that is spent in "cordializing"—if I may be permitted to use the expression—the feeling of friendship and good understanding which should prevail among countries where democratic ideals are the basis of their national institutions.

The European war diverted to this country the current of trade that formerly flowed principally to the markets of Europe; the war in which this country became involved produced, unquestionably, a commercial crisis in our Republics on account of the measures that this country was obliged to take in order to give preferential attention to the struggle in which it was taking an active part. We, who were aware of the motives that caused legislators to restrict and even prohibit the exportation and importation of certain articles, understood thoroughly the meaning of these restrictive measures. They were, however, misunderstood in many cases. Some Republics as a consequence were left with limited means of communication, and this resulted in the creation of a diversity of opinion as to the real reason of such restrictive measures.

For this reason, the Conference that brings us together here has a very important significance, to my mind; because it tends to bring facts in their true light, in considering the abnormal order of things due to the great war. I believe, therefore, that this Conference is opportune in all respects. Matters of great importance for the American merchant and manufacturer will be discussed here as affecting the Latin American merchant, farmer and producer in their dealings with each other.

I have come to attend this Conference solely with the object of learning something from the merchants of this country who today dominate the financial and industrial world, in the same way as North America in the war inclined the balance towards victory.

Allow me, then, to beg the kind indulgence of the Honorable Delegates while I briefly outline the present situation of Venezuela and its commerce; I should like to offer you a complete and detailed treatise based on statistics that would bear out my assertions; but the time at my disposal has prevented me from making an extensive report.

The Pan American Union, this center for the dissemination of trustworthy and valuable data, which it gathers with great efficiency and precision, is in a position to furnish you reliable information which can be used to advantage.

Encouraged by peace, various American and foreign banks have established branches; new industries have been developed, and our rich petroleum deposits are beginning to be worked by American and English capitalists; coal mines, asphalt, gold and copper are exploited with most satisfactory returns, agriculture and cattle-raising, which are elements of real wealth among nations, have today a vast field for their prolific gains, since the fertility of our soil and the enormous extent of our grazing lands are a guarantee that the capital and labor employed in their cultivation will be plentifully rewarded.

The basis of our commercial exchange is gold. That means that capital seeking investment there is not in danger of suffering loss through depreciation. During the first five months of this current year Venezuela has imported about Five Million Dollars in American gold. Silver money is now scarce, and the Government has accordingly ordered a million dollars (five million Bolivars) to be coined at the Philadelphia mint. Our Bolivar is equivalent to a franc or a lire; but it actually has a higher negotiable value than either of the units referred to.

To the business men who are especially interested in Venezuela I beg to recommend the reading of the report published by the Department of Commerce in Washington, D. C., No. 48-A, under date of March 20 of this year. This report, sent by the American Consuls at La Guaira, Maracaibo and Puerto Cabello, gives a very clear and exact idea of the present situation of Venezuela, its commerce and most outstanding industries. It is a splendid report based on facts and official data, and is, therefore, unbiased in its phases.

To contribute to the growth of commercial relations between this country and the Republic of Venezuela, I may take the liberty of calling your attention here to some of the defects which I have had occasion to note in my Consular capacity. As fiscal laws are not the same in the South American Republics, the study of these must be one of the conditions to be met in order to be able to build up successfully a trade, free from the hindrances caused by misunderstanding or ignorance of legal requirements.

In Venezuela it is not permissible to introduce goods consigned to order and in search of a market.

In many countries it is a long established custom that shipping papers, bills of lading or consular invoices, accompanied by drafts to be paid on the delivery of the goods, are sufficient to cover said goods, and these are not delivered without the corresponding payment. This is not the case in Venezuela, however, for if the consignee of the goods does not receive the consular invoice, the Customs House does receive it, for Consulates send one copy to the proper Custom House and the consignee can request the latter to compute the duties according to the invoice received; then when this computation has been made and the duties paid, the consignee receives the goods and the bank or its agent is left with the papers and draft without recourse, except that which it may obtain through the courts in claiming the amount of the commercial invoice. It is well for those who contemplate doing business in Venezuela and with persons not known to them to bear this fact in mind, if they think that they are protected in the manner referred to, when this is not so.

It is very important that commission houses or firms having commercial relations with Venezuela should study the laws and regulations established in the Customs Houses of the Republic, so that, in complying with their requirements, they may avoid the penalties inherent in their infraction. It is of great importance that they should employ clerks who know the Spanish language, since the documents connected with the custom house procedure have to be in Spanish, which is the language of the country, and therefore, the official one. Not infrequently I have seen consular invoices with declarations like this: "Cotton goods," translated by the aid of a dictionary, as "Algodón mercancias." It is well known that cotton goods are of a great variety of classes from very heavy to the finest quality, and there are even some with a silk mixture. Our tariff schedule makes a very broad specification of these textiles, and classifies the common one at low rates and the fine or best grade at high rates. The declaration above referred to gives rise to the confiscation of the goods by the Customs House, and the firm that has made the shipment criticizes our legislators as severe, without taking into account the fact that a serious error has been committed in the ambiguity of the declaration.

What is attributed to severity in the legislation is only the deficiency of the clerk who prepared the documents, either through ignorance of the language or through lack of familiarity with the branch of work to which he has been assigned.

I mention these things solely with the object of showing that in the majority of cases the fines or penalties imposed by our Customs Houses result from the fact that the firm shipping the goods has not a competent clerk to despatch shipments in conformity with the requirements of the law, and I may say that in case of many errors that are committed where it is evident that there was no intention to defraud the Treasury, the higher authorities of the Treasury remit or reduce the penalties that have been occasioned by these errors or transgression of the law.

At the International Congress of Chambers of Commerce held at Boston in September, 1912, a form of consular invoice was proposed which was considered to be exceedingly simple and practical, and I should state that the one required by our fiscal legislation is even simpler; for in the form referred to, in addition to the gross weight of the goods, the net weight was required, while in our form only the gross weight is necessary.

In making the above observations my purpose has been only that commercial activities between this country and Venezuela should not suffer loss from the bad impression caused by shipments made with improperly prepared papers, but that these activities should increase and prosper under well informed and efficient direction to the mutual benefit of both countries.

Venezuela is now in a new era; for the stable peace that it enjoys is a guarantee that the capital which seeks legitimate employment in the country will find useful and remunerative investment. The existing Government has undertaken improvements in all branches of the Administration—highways, aqueducts,

sanitation, education—and has on hand in the Treasury more than thirty million Bolívars gold (\$6,000,000.00), an amount which no previous Government has had in its vaults, and enjoys so good a credit as to cause a European banker, who was asked if he wished to sell his Venezuelan bonds, to say: "No, for they are as good as gold." The honesty of public Administration is in this manner eloquently proclaimed.

The United States of America has proved that in war it can improvise armies, fit out squadrons and overcome all difficulties until victory is attained.

Now, that peace shows her white wings on the horizon and this nation has the financial and industrial preponderance, a large merchant marine, the Panama Canal route which makes it the center of the world's interchange, there is no doubt that it is on the point of obtaining commercial supremacy.

Will it triumph also in this peaceful struggle?

The slogan which appears on the banners of the conquests of Peace is "Deeds, not Words."

Competition is what helps commercial interchange and therefore communities; that which produces the best workmanship, annihilates distances, and satisfies the necessities of the individual at the least possible cost is that which wins the palm of victory.

An eminent American business man, in his address at the Sixth National Foreign Trade Convention held at Chicago at the end of April, said: "It is my belief that we shall be able to retain a large share of the trade brought to us so suddenly by the war; but not unless we deserve it by good performance."

VENEZUELA'S SHARE IN PAN AMERICAN COMMERCE

BY NICOLAS VELOZ, CONSUL GENERAL OF THE UNITED STATES OF VENEZUELA AT
NEW ORLEANS.

(Read at the Evening Session of Tuesday, June 3)

The purpose of this Conference demonstrates very conclusively that Pan-America, so happily united by lasting bonds of friendship and commerce, is heartily supported by the untiring and efficient propaganda of this unique Institution whose hospitality we are now enjoying.

These periodical meetings show in a very convincing manner that we have been aroused to a realization of the fact that there lies a great strength in our commercial and political union, and that no matter how important a factor we may be in the World's Commerce, it is our duty to take immediate and practical measures to expand and improve our trade relations, not only among ourselves but also with the other countries engaged in our commerce.

The Great War gave an unusual opportunity to the United States to enlarge considerably its Latin-American trade. The increase that was attained was really phenomenal, and the figures would be more surpassing still, had it not been for the untimely shortage of tonnage which was created by complexities arising from the European Struggle, which affected in a very profound manner the economic foundation of warring and Neutral nations.

As it was of paramount importance to preserve tonnage as much as possible, especially after the United States entered the war, the curtailment of the Pan-American Trade was inevitable. The restrictions which were systematically imposed brought about a considerable decrease in our commercial activity to a position where—from the point of view of many merchants in Latin-America—a misleading opinion was formed as to whether or not the United States would avail themselves of that unique opportunity and reap the benefits of the wide-open-door traffic, while European countries, engaged in warfare, were reducing their Pan-American trade to almost a negligible figure—and, above all, whether or not the American merchants and manufacturers would be in a position to hold the gains so far obtained, once peace was signed and Europeans would endeavor to re-establish their pre-existing competition.

That seems to be the momentous issue before this Conference, and I feel confident that in the performance of its mission, a profusion of practical suggestions will be made towards the solution of this important problem. Whatever conclusion is reached, and whatever resolutions are adopted by the Conference, as embodying our combined thought, we may be sure, Gentlemen, that the Pan American Union shall rise as usual to the occasion, and shall see to it that the results of our efforts be equal to or even surpass our expectations as to unity and co-operation in the *modus operandi*.

The time is ripe to study and remedy the conditions, and to remove objectionable features that may appear on the surface, because we are now approaching, slowly but perceptibly, a status of normality. Peaceful trading will soon be started, as black-listing and other safeguarding measures have been abolished, thus relieving a great burden which weighed very heavily on trade at large.

The United States Government, as we understand, is about to complete its shipbuilding program, and it has even been suggested lately that the establishment of coal and oil depots on all trades routes, and the creation of free ports, would be of immense value to trade in general.

Let us analyze at the outset what are the conditions obtaining in the present trade, and find out, if another policy were adopted, what would be the results to be expected.

One of the drawbacks in the Latin American Trade has been that many American merchants and manufacturers have been rather independent in their treatment of this question, undoubtedly because of the enormous development of their domestic business which, under normal conditions, has absorbed most of their attention. Pre-war conditions proved in no mean manner that their interest in the Latin-American commerce was, to a certain extent, a "side-show" to which they devoted their spare time.

Some of them thought that all that was necessary to get our trade was to sit at their desks and transact business with a single letter, a five-cent postage stamp and a catalogue, which was not understood at the country of destination. This is not a matter that can be taught by mail and fortunately there are many who by this time have realized the truth of this assertion. They know now what the European Merchant has done to get the business, and they have witnessed his progress there.

You cannot succeed unless you have the required ability for the role you expect to play in the commercial game. It is absolutely essential that a thorough study be made of actual conditions. The commercial legislation of Latin America must be carefully scrutinized, for no merchant can form a true conception of the actual value of his products in the country of destination, and thus be enabled to make a fair comparison with similar European products, unless he makes it a point to analyze the variety of circumstances which will affect his goods at the country where he expects to make sales. It is also necessary to make an analytical study of the psychology of the people he is dealing with. In this case your actions should be guided by a spirit of tolerance and flexibility, as success cannot be expected without the knowledge of these important factors which are fundamental in common-every-day practice. You are dealing with people exceedingly traditional in their customs. It must be said, however, that they are extremely susceptible to any favorable change and can, with patience and perseverance, be inclined to adapt themselves to a new situation, because they have a remarkable capacity for assimilation of anything progressive. Many Americans have gone to Latin America in the manner of Commercial Iconoclasts; as it were, imposing conditions, and expecting radical changes, suitable to themselves. They have failed for they were venturing into the impossible.

When the American business man can realize this situation, visualizing in a broad minded way the conditions as they are, *and not as they should be*, according to his particular point of view, great progress shall have been attained and you will be nearer the desired goal.

It should be understood, too, that you cannot consider domestic products, in all lines, as final and adaptable to Latin American needs. There should be a fixed policy among manufacturers tending to give, so to speak, more elasticity to the ways and means of production, so that it is on equal footing with the European production. The latter has found a good market in South America on account of its adaptability, because the European is manufacturing articles especially for the Latin American trade, even when this involves a complete change of sizes and quality from the standard product.

This apparent inconvenience to some American merchants has caused their refusal to comply with existing demands in producing something different than the standardized domestic article, and in packing according to requirements, thus losing great opportunities in the Latin American trade, because "they were not prepared." This has been a veiled manner of expressing their indifference towards such a trade, and the result has been that their inertia has had a natural reflex effect of destroying or minimizing other opportunities eagerly sought by some "who are prepared." It is a stumbling block which must be removed at all costs.

An excellent preparation may be acquired through Government publications. The Bureau of Foreign and Domestic Commerce is a splendid source of information open to all wishing to get acquainted with Latin American Countries and their trade. The Pan American Union is always ready to furnish very valuable data. Its proven efficiency defies all inquiries, and there are many who are enjoying the benefits of the experience acquired through this important institution, which, by its own gravity and birthright, has become All-Americas' Commercial Mecca, and the Temple of Pan-American worship. Consular Officers of the United States abroad and Latin-American Consuls accredited to this country are also in a position to furnish important information concerning their countries.

To flood territories with catalogues in English, is absolutely a waste of time and money. They should be printed in the language of the country of destination, as far as practicable, and distributed to the proper parties. There is a widespread divergence of opinion as to the use of catalogues; but it may be asserted that as convenient and necessary as they may be in some lines, they constitute, however, a very ineffective way of getting large business, if for no other reason, because of the well-known saying that "a sample is worth 100 catalogues."

This brings the agent or salesman into the scene with his potential value to be determined by his ability and preparation. As in any other calling, the matter resolves itself into: "*personal equation*." This is a very important factor, not discounting in any way the question of the language of the country, knowledge of its geography, customs, etc., which are absolutely essential.

Another difficulty has been the question of credit, which has handicapped the development of Pan-American trade. The American merchant has been prone to close his deals on the cash basis or with a leeway of 30-60 or 90 days. He has considered it risky to extend longer terms to Latin American merchants. This credit is really expected by them, because they are accustomed to the treatment of the matter by the European, who grants 120-180 days or more if necessary. In their sensitiveness, they have in many cases resented the refusal of credit as a reflection on their integrity. European Bankers were the pioneers in establishing their branches in Latin America, and were able to help their nationals, not only in getting more business for them, but also acting as a source of information concerning the financial stability of the merchants engaged in their trade.

Since the war started, however, the establishment of American Banks in Venezuela has done a great deal to accomplish what was considered as a great necessity. These new banking facilities have had the tendency to broaden the mind and to incline the American merchant towards longer credits. This constitutes undoubtedly a great advance in the position they now occupy, as compared with pre-war conditions; and it is to be hoped that many more merchants and manufacturers who have failed to do so, will appreciate in the near future the full value of credit as an essential requirement in winning the trade. Means are now at hand to investigate in the United States, and through such Banks, all about the financial standing and integrity of Latin American Merchants, so that the granting of necessary credits does not involve today much risk or uncertainty.

It is surprising how few manufacturers and merchants have made an effort to inquire into the possibilities that are latent in Latin America.

So far as Venezuela is concerned, it may surprise some to know, for instance, that Denver, Col., is further away from New York than from Venezuela, the distance from New York and New Orleans through regular steamship lanes being about the same (1840 miles)—It will be also a revelation to others that Venezuela is twice as large as Texas, and still would leave room for Kentucky and other smaller Eastern States.

On account of our unusual and splendid geographical position, we are nearer the United States than any South American country. Our eight ports open for export and import trade, and other ports used for coastwise service only, afford an excellent opportunity for a full development of the trade. We are blessed by nature with a marvelous and natural system of irrigation which makes of Venezuela one of the best watered lands in the world, with a fertility of soil truly astonishing. Therein you will find a variety of climates, from the tropical to the temperate, thus creating diverse conditions of life to be contended with. Venezuela is eminently an agricultural country, although we also are very wealthy in forest products, live-stock and mineral resources. Modern methods in agriculture are required, and this should be a splendid field for the American manufacturer.

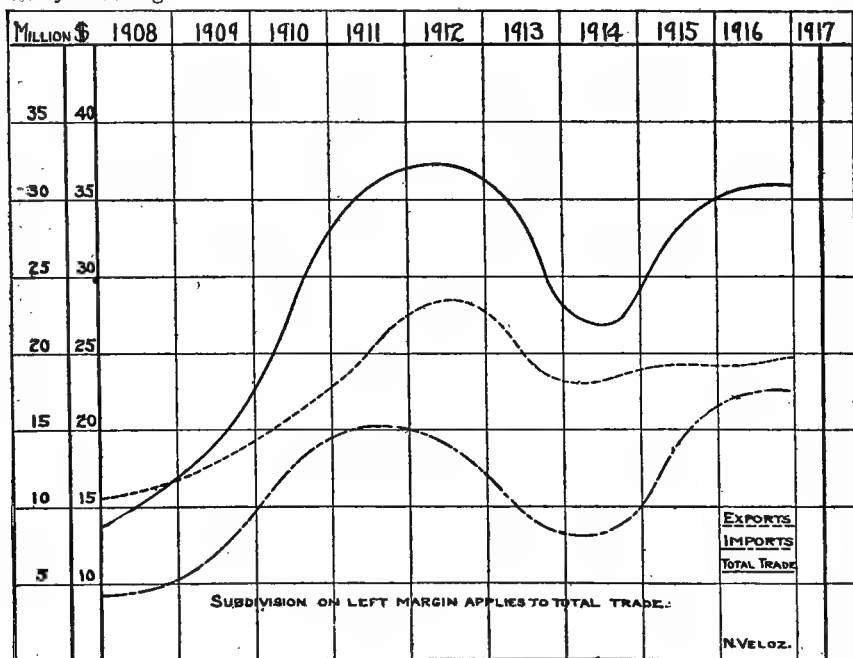
During the European War, Venezuela was, perhaps, one of the South American Countries better situated to face the economic crisis at a time when the food problem was the main question in the minds of the peoples of the world. The

Venezuelan Government took immediate measures, inciting the people to a more intensive development of agriculture; and the generous response of my countrymen to this appeal was, as may be observed in statistics, that we not only started to become more productive for domestic consumption, but that, for the first time in our history, we were able to export large quantities of corn, peas, beans, onions, castor-oil seeds, etc.

The Venezuelan Foreign Trade has taken great strides in the last few years. By way of reference, the following table will show its gradual increase during the years 1908-1917, both inclusive:

| <i>Years.</i> | <i>Imports.</i> | <i>Exports.</i> | <i>Total Trade.</i> |
|---------------|-----------------|-----------------|---------------------|
| 1908 | \$9,814,027 | \$14,613,244 | \$24,427,271 |
| 1909 | 9,766,182 | 16,028,635 | 25,794,817 |
| 1910 | 12,387,553 | 17,948,570 | 30,336,123 |
| 1911 | 18,364,889 | 22,684,384 | 41,079,273 |
| 1912 | 20,568,940 | 25,260,908 | 45,829,848 |
| 1913 | 18,030,104 | 29,483,789 | 47,513,893 |
| 1914 | 13,987,465 | 21,520,534 | 35,507,999 |
| 1915 | 13,470,236 | 23,404,427 | 36,874,663 |
| 1916 | 21,382,817 | 23,530,570 | 44,913,387 |
| 1917 | 22,892,977 | 24,044,872 | 46,897,849 |

These figures will be more graphically described, and shown at a glance, in the following chart, where the curves are plotted in accordance with the figures given above. It may be added, incidentally, that the increase of our trade with the United States was due, in a great measure, to the uninterrupted steamship service which was maintained between Venezuelan ports and New York, even when other Latin American countries were suffering from partial stoppage and uncertainty in sailings.



As may be noticed, the beginning of the European War caused a great slump in our trade, reducing it, at the end of the calendar year, from \$47,513,893, to \$35,507,999, that is, in \$12,005,894, or, approximately 27 per cent; the lowest point in the chart being the year 1908, when it sank to \$24,427,271. We gradually recovered, however, and the statistics show that our trade has been increasing steadily since August, 1914, in spite of the war to a point where we now have practically

reached the figures attained during the year 1913. The imports of Venezuela from the United States for the year 1917 amounted to 70 per cent of the total volume. Great Britain's share during the same period was of 16.4 per cent, and other countries 13.6 per cent. Our imports and exports for the year 1915 were divided among the following ports:

| <i>Ports.</i> | <i>Metric Tons.</i> | <i>Imports Value.</i> | <i>Metric Tons.</i> | <i>Exports Value.</i> |
|-----------------------|-------------------------|---------------------------|-------------------------|---------------------------|
| La Guaira | 40,341 | \$6,785,162 | 21,574 | \$6,224,830 |
| Maracaibo | 20,548 | 3,058,598 | 47,403 | 7,114,775 |
| Puerto Cabello | 28,620 | 2,367,951 | 35,352 | 5,129,656 |
| Ciudad Bolivar | 7,714 | 993,416 | 6,355 | 3,221,555 |
| Carupano | 2,780 | 466,239 | 4,497 | 1,049,756 |
| Puerto Sucre | 1,653 | 119,132 | 1,029 | 165,596 |
| La Vela | 327 | 72,606 | 14,621 | 156,238 |
| Cristobal Colon | 3,094 | 84,802 | 29,840 | 904,299 |
| Guanta | 218 | 16,535 | 1,091 | 72,605 |
| Pampatar | 310 | 5,091 | 7,173 | 44,245 |

It will readily be observed that the greater portion of our imports were introduced through the ports of La Guaira, Puerto Cabello and Maracaibo in their order of importance, while with our exports Maracaibo takes the lead in that year and is followed by Puerto Cabello and La Guaira, reversing conditions. This is due to coffee and sugar exports, as Maracaibo is the main Western outlet for a coffee and sugar region, through which those commodities are shipped to the United States and abroad. Puerto Cabello and La Guaira are in the same position concerning the bulk of our trade.

There is at Puerto Cabello a packing house with a capacity of 500 heads per day, and frozen beef is exported from there to Europe in special refrigerating ships. The plant was enlarged considerably during the war. The great plains of Venezuela, especially in the South, offer splendid opportunities for the raising of cattle due to low cost of land and their nearness to markets.

Our most important staples are coffee and cacao. The crops for 1917 and 1916 were not as large as usual due to the shortage of tonnage and also to low prices prevailing in the markets and to inability to ship to Europe. These prices have risen considerably since the armistice was signed in November last, and consequently have been a timely boon for Venezuela planters.

The coffee shipped from Venezuela in 1916 and 1917 was distributed among the following countries:

COFFEE—(1 Bolivar = \$0.193 gold). Value given in Bolivares.

| <i>Countries.</i> | <i>Met. Tons.</i> | <i>(1916) Value.</i> | <i>Met. Tons.</i> | <i>(1917) Value.</i> |
|---------------------|-------------------|--------------------------|-------------------|--------------------------|
| United States | 25,971 | Bs. 27,364,224 | 26,908 | Bs. 25,532,433 |
| France | 11,381 | 13,517,369 | 5,832 | 5,571,650 |
| Netherlands | 2,171 | 2,559,593 | 454 | 445,335 |
| Curacao | 2,989 | 3,348,134 | 1,180 | 1,107,068 |
| Spain | 6,149 | 5,555,661 | 8,562 | 8,505,335 |
| Italy | 6,182 | 1,955,341 | 1,032 | 1,031,872 |
| Trinidad ..... | ..... | ..... | 143 | 155,731 |

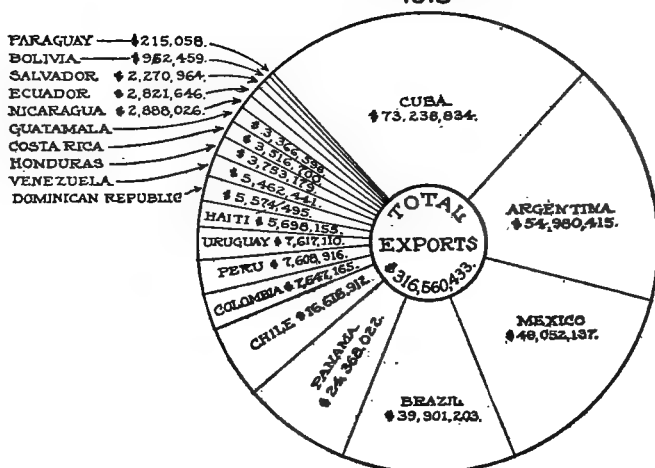
The Federal Government was compelled to place cacao on a restricted basis of importation, and Venezuela was allotted a certain share of this product for introduction into the United States. The following table gives the figures reached by our exports of cacao during the aforesaid years of 1916 and 1917:

CACAO—(Value given in Bolivares).

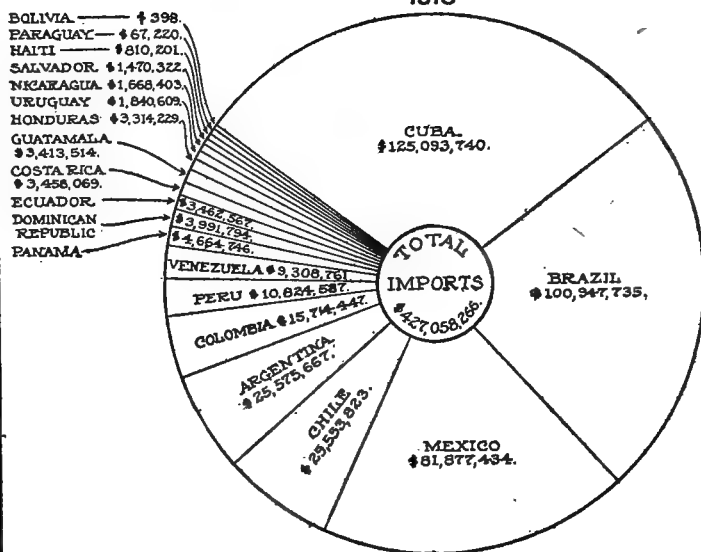
| <i>Countries.</i> | <i>Met. Tons.</i> | <i>(1916) Value.</i> | <i>Met. Tons.</i> | <i>(1917) Value.</i> |
|---------------------|-------------------|--------------------------|-------------------|--------------------------|
| United States | 5,305 | Bs. 8,477,333 | 8,417 | Bs. 10,886,837 |
| France | 4,417 | 6,499,623 | 5,472 | 6,544,590 |
| Netherlands | 325 | 455,776 | 153 | 169,320 |
| Spain | 1,849 | 2,869,662 | 2,656 | 3,214,298 |
| Italy | 258 | 408,925 | 287 | 340,279 |
| Trinidad | 2,575 | 2,693,196 | 2,713 | 2,715,954 |

As regards our sugar industry which has been developed extensively, with modern methods in the last few years, we were not so fortunately situated. The restrictions placed on this commodity made it imperative that the product be sold at a certain fixed price determined by the Sugar Board. This measure and also the shortage of tonnage, which compelled the allotment and rationing of imports

UNITED STATES EXPORTS TO LATIN AMERICA 1913

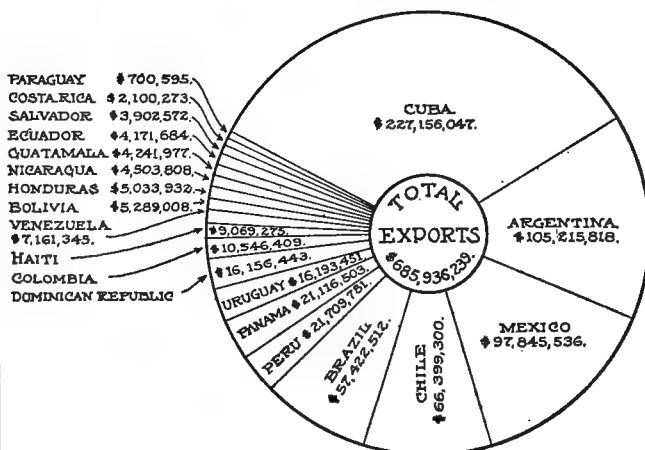


UNITED STATES IMPORTS FROM LATIN AMERICA 1913

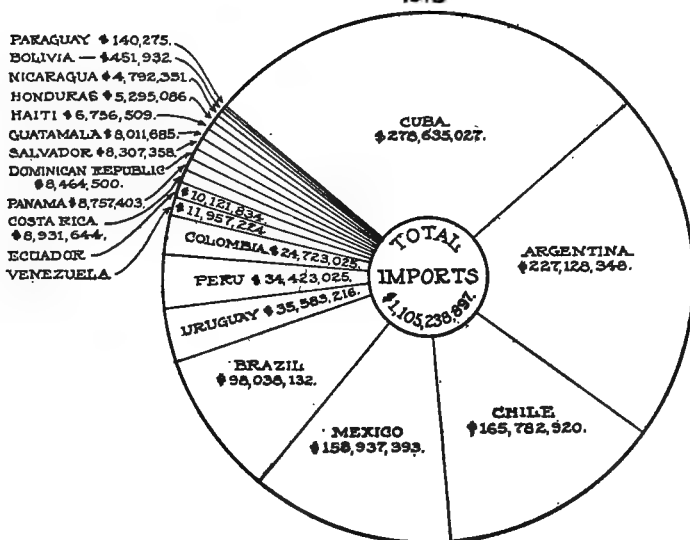


TOTAL TRADE 1913 \$743,618,699

UNITED STATES EXPORTS TO LATIN AMERICA 1918



UNITED STATES IMPORTS FROM LATIN AMERICA 1918



TOTAL TRADE 1918 \$1,791,175,136.

into the United States, created a difficulty with Venezuelan sugar planters, because the market price fixed beforehand by the Board, all but wiped out a reasonable margin of profit, and it did not help any to offset the higher freight rates which weighed very heavily on our sugar by reason of a longer ton-mileage, as compared with the short freight rates that applied to Cuba due to her proximity to the United States.

In 1916 we exported 9,273 *metric tons* valued at \$1,500,000 and in 1917 15,370 *metric tons* valued at \$2,800,000.

Hides were also restricted and the figures show a decrease in the last two years.

Asphalt and Copper ore were also a considerable item in our exports during 1916 and 1917. They were exported as follows:

| | <i>Metric Tons.</i> | <i>Value.</i> |
|---------------------------|---------------------|---------------|
| 1916.....Asphalt | 44,621 | \$288,479 |
| 1916.....Copper Ore | 11,779 | 340,943 |
| 1917.....Asphalt | 48,844 | 327,146 |
| 1917.....Copper Ore | 34,353 | 561,406 |

Venezuela also exports Skins, Balata, Animals, Castor-oil Seeds, Chicle and other gums, Cocoa-nut oil, Copaiba, Dividivi, Aigrettes, Fertilizers, Fish Sounds, Gold, Leather (Sole), Magnesite, Maize, Mangrove Bark, Meat, Pearls, Pearl Shells, Rubber, Cebadilla, Sandals, Sernamby, Tobacco, Tonka Beans and Wood.

Our imports comprise practically every commodity, except a number of articles, the importation of which is prohibited or prohibitive for protective reasons. The most important items making the bulk of our imports are: Agricultural implements and machinery, Automobiles, Bagging, Butter, Cement, Flour, Coal, Cotton Knit Goods, Cotton Textiles, Drugs and Medicines, Electrical Apparatus and accessories, Engines and parts, Tubing, Glassware, Hardware, Lard, Machinery in general, Kerosene, Perfumery, Railway Material, Rice, Sardines, Tanned Skins, Stearin, Thread, Wines, Fence Wire and Woolen Textiles.

In closing these remarks, permit me to add, from personal experience, that it is very encouraging to note the interest taken lately by the Southern States of the Union in Latin-American Commerce. This interest and activity have been yielding very successful results. Venezuela has steamship connections with the growing and progressive port of New Orleans, and our trade by that route has undoubtedly a very promising future. The Venezuelan Government was alert in recognizing the importance of New Orleans as a great stronghold in Pan-American Trade, and taking into consideration its latent possibilities, recently raised our Consulate there to the category of Consulate General, at par with the one established in New York for so many years.

This instance is demonstrative of the keen interest displayed by the Venezuelan Government in Pan American matters, for it speaks very highly of its deep sense of appreciation in analyzing the present outlook, and is also a strong evidence of its effective cooperation and good will towards the United States.

At the present time Venezuela is entering an era of active development in various fields of endeavor. Mention may be made here of the progress attained there in the manufacture of Cotton Goods of fairly good quality, Wrapping paper, Glass, Portland Cement, Cordage, Laundry Soap, Candles, Cigarettes, Shoes, Sandals, Sole Leather and also Furniture. We are also developing our oil fields very intensively.

We are prosperous today, although we suffered like most Neutral Nations because of the effects of the War.

The condition of the country is excellent in many respects, and there is no reason why Venezuela should not be an ideal country for the investment of foreign capital. No better proof can be adduced of the soundness of her financial system, based on the gold standard—of the fulfillment of her foreign obligations, and of the guarantee given to foreign capital—than the establishment, during the war, of four Foreign Banking Institutions which have opened branches all over the country and now are engaged in a healthy competition to get and help our trade. These facts speak for themselves and defy contradiction.

It is my earnest desire, Gentlemen, that the observations I have taken the liberty to make to this Conference, which are inspired solely in a true spirit of Pan Americanism, may be scrutinized with the same friendly feeling of one, who as myself, has lived among you for 19 consecutive years and admires your great Institutions, and who has simply endeavored to bring his mite, however small as it is, to the Common cause of Pan America.

SHIPPING AND OTHER TRANSPORTATION

SHIPPING NEEDS FOR PAN AMERICAN TRADE

BY EDWARD N. HURLEY, CHAIRMAN OF THE UNITED STATES SHIPPING BOARD.

(Delivered at the Morning Session of Wednesday, June 4)

Mr. Chairman and Members of the Conference—It is under favorable auspices that we meet for the promotion of trade in the western world. Those familiar with the splendid work of the Pan American Union have come to look upon it as a symbol of that amity and good will which so happily prevails between American nations, and as the efficient instrument by which international cooperation for mutual benefit along economic and social lines has been made really effective. To know that this union of American republics stands as sponsor for a movement is to be assured of its progressive character, and to have a guarantee of its ultimate success.

This is a day of new beginnings in all fields of effort. The war has worked its profound changes in every country, and as peace opportunities beckon we have hardly time to pause and take our bearings before launching upon courses of action which will give a new bent to our customs and relationships, and will produce effects reaching far into the future. It is a time for caution, and also for the boldest initiative. On behalf of the United States Shipping Board, I invite your counsel and assistance in one of the greatest problems which confronts us at this time—that of restoring the broken lines of ocean transportation and of creating shipping facilities that shall be direct and adequate to the expanding needs of Pan-American trade.

Combining imports and exports, one finds that the total value of the trade between the United States and Latin America grew from \$800,000,000 in 1914 to \$1,750,000,000 in 1918. This vast growth of nearly one billion in only four years put the United States not merely at the head, but made its Latin-American trade greater than the Latin-American trade of all the rest of the world put together. These figures probably would have been larger if adequate shipping facilities had existed.

You all know what this implies in terms of finance and shipping. To supply this rapidly growing trade, the need of ships is immediate and imperative—not tramps, with their uncertain sailings, indifferent accommodations and frequent delays, but liners, with definite sailings, offering direct and quick connection between the chief ports. Instead of depending upon foreign ships to serve the United States-Latin American trades, the future will see the rapid growth of strong North and South American lines, carrying American goods, and promoting better acquaintance between American countries.

Now that the war, with its interruptions of accustomed trade relations, is happily over, the keen desire of Latin American merchants for the renewal of these broken shipping connections will be met by the United States Shipping Board, and there will be an improvement over the pre-war standard. Owing to this very interruption, exceptional opportunities will offer when ships of the right speed, size and type are established, as they soon will be, in direct liner service. Trade expansion is here to stay. All forces seem to be pulling for the establishment of these American shipping connections.

The sudden development of the merchant marine of the United States is but the beginning of larger efforts in the future. At this favorable moment the United States acquires some of the best ocean liners forfeited by Germany as a result of her wanton and ruinous war. All these factors are playing together for the building up of these lines which the new trade needs of today and tomorrow demand. As ships are released from transport and relief services, and as the new passenger and cargo tonnage becomes available, its most logical use is to be found along the lines which geography and sound economics have charted.

The United States Shipping Board is laying its plans to respond appropriately to this call. Already 226 ships of 863,334 deadweight tons have been allocated to Latin American trade. What is more important, the Board is now surveying the situation in order to promote the establishment of regular American lines between the United States and South America. These will compare favorably with the former services of the European lines, and will even surpass them.

Contemplated plans call for at least two lines from New York to serve the West Indian trades, one of them covering the eastern Caribbean and the other the western Caribbean with canal connections at Colon. To serve the swelling commerce of the west coast, a line will be maintained connecting Valparaiso and the other western ports with Mobile or New Orleans. We have, today, a passenger service from New York to Valparaiso which is 9 days shorter than existed one year ago. As soon as the army returns our American transports, we will have weekly service from New York to Valparaiso on fine passenger lines through the Panama Canal.

Good liner service between Valparaiso and Seattle, with calls at all the important Pacific ports and also between San Francisco and New York will be assured, and American lines already established in this field will be supplemented where required. Finally and most important, there will be a line from New York to the ports of Brazil and the River Plate. Modern ships of the passenger cargo type operated over these lines will connect the great centers of trade, and to them will flow commerce from many intermediate points.

It is realized that nothing less than the best will serve to satisfy the demands of Latin American travelers and exporters.

Therefore, no effort will be spared to make these lines conform to the highest standards of modern steamship service. It is hoped to have them specially designed for the South American trade and equipped with the convenience and luxuries which the long trips in tropical seas require. The passenger ships will have ample deck space, commodious lounging quarters, complete refrigerator systems to supply cool air in staterooms, and adequate bathing facilities. The 14 ships under consideration for these trades are of about 18,000 gross tons with a deadweight of about 12,000 and with accommodations for about 300 first-class passengers. Being combined freight and passenger ships they can carry miscellaneous cargoes and will afford just the accommodations needed for the coffee merchant of Brazil who wants to take his own cargo to New York or New Orleans and who wishes to travel on the same ship with it.

There is already a considerable tourist business between the United States and South American countries and all signs point to a rapid growth of this business in the near future.

Before the war the best ships in direct service from the United States to the eastern ports of South America made only 15 knots, offered only fortnightly sailings and took 24 days for the trip from New York to Buenos Aires. Compare this with the service to be expected in the immediate future. Three magnificent ex-German liners, the Mount Vernon, the Von Stuebeff, and the Agamemnon are to be remodeled for South American trade. These ships make 23½ knots, so that the trip from New York to Rio de Janeiro can be made in 10 days and that to Argentine capital can be made in 14 days. There will thus be a saving of at least a months time on the round trip, as compared with the present or prewar-service.

A very important benefit that will flow from the improvement of shipping connections with South America will be in the mail service. Poor mail facilities have, in the past, proved a serious handicap in the way of increased trade relations between the United States and Latin America. It is hoped that our Congress will change the laws governing carriage of mails so that practically every ship capable of making more than 12 knots an hour and clearing for South American ports will carry mail. By using both passenger and cargo lines, it will thus be possible to have mail service three or four times a week.

As things now stand, the mail between the United States and South America is carried in foreign ships with slow schedules, and this involves serious delays. After a letter is mailed it may wait two weeks before being put on a ship and this ship will take 20 to 24 days to reach its destination. Thus, it might take 5 weeks or at the best a month for a letter to go from New York to Buenos Aires. Under the new service with fast ships sailing once a week and with intermediate sailings on slower vessels, a letter may be delivered on a fast ship in Buenos Aires 15 days after it leaves the writer's hands in New York. Within a month the New York correspondent may have a reply from Buenos Aires, while at present it takes about 5 weeks one way.

Heretofore it has been practically impossible for many American firms to conduct business efficiently on a mail basis, and uncertainty about arrival of commercial papers has caused great annoyance. These delays will now be eliminated, and the gap which has long separated buyer and seller to the disadvantage of both will be closed.

The parcel post will show an improvement commensurate with that of the mail service. Goods suitable for light packing can be ordered by catalog and delivered in a South American country just as packages are now delivered in this country by mail order houses.

When this new liner service is inaugurated about November 1st, I should like to arrange an introductory cruise on the Mout Vernon, the palatial liner which formerly flew the German flag under the name, Kronprinzessin Cecilie, which put into Boston early in the war was later seized and has recently become a permanent part of the American merchant marine. On this first trip, I hope to see a distinguished group of Americans—at least 700 strong including government officials, business men and bankers, of this country and particularly the officers of the Pan American Union make a record-breaking trip to at least three of the South American countries.

Starting on Saturday, November 1st, and sailing direct from New York to Buenos Aires, the Mount Vernon should arrive at Buenos Aires on November 14th. This would be 10 days shorter running time than has ever been made by a passenger ship going from the U. S. to an Argentine port. This would enable a stay in Argentine, of a week. From there the party could make the thirty-six hour rail trip from Buenos Aires to Valparaiso; and after a visit to Chili, the party could return to Buenos Aires and leave for Rio de Janeiro, spend a week in Brazil, and be home before Christmas.

In the coming years, American shipyards must produce vessels swifter and finer than those to which the South American trades have been accustomed. South American steamship companies, as yet unborn, may build in North American yards the nucleus of South American fleets which in days to come will carry South American products to all quarters of the globe.

During the last few months, the Shipping Board's program of construction has been subjected to thorough revision so that the American fleet may be well balanced and may adequately serve the needs of peace times. In this revision, particular attention is being given to the peculiar needs of liner service with the countries to the south.

Pan-Americanism is a vital factor in world peace. It is a movement solely for international cooperation and for mutual helpfulness. Unity of ideals has established bonds of friendship and confidence between the American peoples. These bonds of friendship and confidence have in turn laid the soundest possible foundation for trade. The exchange and other intercourse which rests upon such foundations cannot be destroyed, or even seriously interrupted, by misunderstandings. Therefore we may go ahead with confidence in promoting our individual national interests, which also are our common national interests, by studying how best to serve one another's needs.

NEW ORLEANS AND LATIN AMERICAN SHIPPING

By HON. MARTIN BEHRMAN, MAYOR OF NEW ORLEANS.

(Delivered at the Morning Session of Wednesday, June 4)

Mr. Chairman, Ladies and Gentlemen: You noticed that no New Orleans delegate asked Mr. Hurley any question. You cannot discuss Pan America or Latin America without New Orleans being considered and hence it was not necessary for New Orleans to ask any question as to what was going to be done as far as the port of New Orleans is concerned, because it is natural that it should be considered—might I say next to New York? Or might I say in advance of New York? You know these New Yorkers talk in great figures, but this war has taught us in the South that big figures do not stagger us any more, and New Orleans is talking big figures and doing big things, perhaps a little bit better than those who formerly talked in these great figures.

A port city naturally must not only be a port city in name but it must so extend its facilities that they may be used in the best advantage of all those who need them. You know we folks down South are looked upon as being a sort of slow, easy-going people, just sort of marking time and going nowhere. But that is no longer so!

That reminds me of a story that I think is very apropos at this time, of going nowhere. Up at Camp Pike where our boys were going for training, there

was a negro sergeant having a great deal of trouble with his soldiers, teaching them how to mark time. One day in exasperation he said, "You niggers! I'm a-goin' to beat this here mark time into your haidz today. If you don't git it, somebody's a-goin' to quit the army and it ain't a-goin to be me. Mark time ain't nothin' but walkin' and goin' nowhere. Git me? Walkin' and goin' nowhere!"

But that is not the fact. That is illustrated by another story they tell of another negro down in Georgia, and that is the spirit I want to impress you as prevalent in New Orleans today.

There was this darkey on the scaffold about to be hung, goin' right square to heaven where they all think they're goin', begging forgiveness of the crowd, praying for forgiveness, when he spied the wife of the negro he had killed, and reaching over to her he said, "Sister, you're a-goin' to forgive me for havin' killed your husband, ain't you?" And she said, "Git hung, nigger! Git hung!"

That is the way we are moving—fast. We are moving along in fast lines.

Now, my friends, we appreciate in New Orleans that we had to expand our business and naturally we looked to the countries south of us and we felt we must develop this port to its fullest extent that the cargoes handled there should be handled in the best way at a minimum cost. We are fortunate in owning our own port, the title is in the people and all the facilities that go to make up a successful port has the title vested in the people. The docks that we have there are built and operated by the people, not for the purpose of making money to declare dividends for stockholders but for the benefit to the commerce itself.

There is an ideal condition there and those of you interested in trade between the United States and South and Central America will naturally look forward to the port nearest to your business and where your business can be handled at the cheapest cost. Now, we have built this magnificent dock and steel sheds where mammoth cargoes can be accumulated for incoming and outgoing vessels; and then we were met with the condition that no matter how fine and how grand and how safe these warehouses would be, of what avail would they be if you could not economically reach them? Then the city built a publicly owned belt railroad and we handle all the cars of all the roads entering New Orleans at a minimum of cost. We connect every steamship line, every industry and every dock in the city of New Orleans and there you have the efficiency of quick handling of business.

I can pass hurriedly and tell you that we own our own grain elevator, we own our own copper warehouses, and what I want to call your especial attention to at this time, my friends, is the great industrial canal or inner harbor that is now being constructed by the people of the city of New Orleans to connect the Mississippi River with Lake Pontchartrain, and to have there on the banks of that canal land available for all sorts of industries, having the advantage of the water and rail route.

A very important thing will come up in connection with this canal that is of interest to you who do business and who are interested in Pan American trade. That is a free port. We are anxious to have located at New Orleans a free port. You will be very much interested in what a free port is, and it should be the aim of this Conference to pass resolutions urging upon the Congress to pass the bill providing for free ports not in one city, not at two cities, not at three cities, but such cities that will put themselves in the position to make their port available for that.

I want to read to you just a few lines of what a free port will mean. This is from an address I delivered at the Foreign Trade convention:

"It has been the experience in every instance where a free port has been established that following the abrogation of regulations resulting in customs interference and customs impediments, cars, ships, warehouses and other expedients for collecting, transporting, sorting, cleansing, packing, etc., are brought into the most intimate relationship, and that additionally, there has been a corresponding saving in time as well as absence of the annoyances so persistent and so irritating in existing arrangements.

"As I understand it, the collection of duties on imports entering the country for domestic use will in no wise be affected through the operation of the free port system; for as a matter of fact, it is only where such imports are brought in simply to be manufactured or regraded that they will escape duty. The bonded

warehouse system is practically a synonym for free port. Under the former, imported goods may be taken from the wharf to the warehouse without any payment of duty and exported at any time within three years. The free port is an interchangeable term for additional and better facilities, giving an equal chance to all, and enabling big business to expand without injury to smaller industries. The free port would manifestly not only encourage manufactories, but introduce into our establishments a most versatile and efficient class of foreign labor, thereby enabling competition in many directions, and among peoples with whom we maintain at present but little or no business relations. New Orleans is especially concerned in the trade of Latin America, which just now is dealing almost exclusively with this country, and very largely with our city, which is closer and in many respects more inviting to the merchants of those countries than any other of our sister cities.

"In August last, New Orleans was visited by Mr. D. M. Greer, representing the Tariff Commission, who was anxious that the Crescent City present its claims to be designated as one of the new ports of entry provided for in the Sanders Bill. This first Bill I referred to was a Bill designating three ports—San Francisco, New Orleans and New York as a place where a free port may be located. I understand the impending Bill will give the states and municipalities, wherever located, authority to create free ports.

"Mr. Greer reminded our people that we would have to show superior qualifications in both present and prospective tonnage for export trade; would have to be in a position to offer the largest measure of cooperation with the Federal Government, and the least operating costs. Among other requisites mentioned were the physical characteristics of the port, depth of water, space for anchorage, wharfage facilities, belt lines and other railway service, general commercial possibilities, materials to be handled, both foreign and domestic, possibility of combining foreign and domestic materials through manufacture; and special advantages for export trade.

"Inquiry will be made also as to whether wharves and warehouses are publicly or privately owned, guaranteed against monopoly of wharfage; whether control is now exercised by the state and municipal governments over the management and costs of all functions that go to provide for port facilities. This matter is receiving the attention of our various commercial exchanges, who are determined that the government shall have in its possession at the proper time all the data and facts necessary to arrive at an intelligent decision.

"We believe we can come as near compliance with these requirements as any city on this continent. Believing so, we shall submit our claims with faith in their justice and impartiality and with confidence that in the end we shall be awarded the distinguished honor we so earnestly covet—not for ourselves alone, but that we may through this means be the better able to render an unselfish and patriotic service to our common country."

This, gentlemen, to my mind is one of the important things that this Conference ought to lend itself to. I have read to you what I believe to be the importance of a free port and those of you who are engaged in foreign trade, which most of you naturally are, it is of the greatest importance that you give this your most earnest attention.

I thank you very much, ladies and gentlemen, for permission to be here this morning. I had no idea that I was on the program until I came into the hall yesterday, when my good friend, the distinguished gentleman who presides over these deliberations, invited me to be here. He is a good friend of New Orleans and we are proud to be a friend of his.

THE NEEDS OF SOUTH AMERICAN SHIPPING

BY GROSVENOR M. JONES, ASSISTANT DIRECTOR, BUREAU OF FOREIGN AND DOMESTIC COMMERCE

(Read at the Morning Session of Wednesday, June 4)

The Department of Commerce has a vital interest in shipping. Without ships there can be little or no international trade.

Prior to the war the Department of Commerce, like the whole country, took comparatively little interest in the development of American shipping. Ships of

other nations were available to carry the bulk of the trade we then had and the people of the country did not concern themselves about the nationality of the ships which carried our imports and exports.

The war has brought home to all Americans, South and Central Americans, as well as North Americans, our great dependence upon ocean shipping. There is not a single Latin American Republic that has not suffered serious losses through the curtailment of shipping during the war.

Prior to August, 1914, we could depend to a large degree upon the ships of European countries, principally Great Britain and Germany, to carry the trade between the United States and the Latin American republics. Now we must rely almost entirely upon the merchant marine of the United States to transport this traffic. Germany's merchant shipping is no longer a factor, while the ships of Great Britain for some years will be employed very largely on lines operating out of British ports and can serve in only a limited degree the trade between North and South America.

Fortunately at this critical period the United States has a large and increasing merchant marine. The establishment of a shipbuilding industry and a large merchant marine are two of the few real benefits we have derived from the war. Without ships of the United States the trade between the Americas would now be at a low ebb and in such a situation the republics of Central and South America would suffer quite as much as the United States, since the latter country is the largest purchaser of many of the principal products of South and Central America.

Since 1914 the volume of traffic moving between the United States and the Latin American republics has increased greatly. The total tonnage employed in this trade in 1914 could have moved only 60 per cent of the traffic actually moved in 1918. Not only has this trade expanded greatly but doubtless it will continue to expand with the development of the extensive and varied resources of the Latin American republics and with the increasing dependence of the United States upon these countries for many important foodstuffs as its population grows, and for many important raw products, as its industries expand.

Direct routes are a prime requisite for a well-balanced and developing trade between the countries of the two continents. There should be less triangular routing than was the case before the war. The many bottoms that bring Brazilian coffee, rubber and manganese, Argentine wool, hides, linseed and quebracho extract, Chilean nitrate and copper and Peruvian copper, vanadium and tungsten ought to be available for return cargoes of products from the United States. Direct shipping would not only provide for return cargoes but should reduce freight rates, costs of insurance and time in transit on outbound cargoes.

The shipping routes of the world are being laid out on new lines, largely as a result of the shortage of shipping caused by the war but partly also as a result of the Panama Canal. The Canal was opened only a short time before the war broke out and the full effects of the changes that will result from its use have not yet been felt.

Chairman Hurley of the Shipping Board has recently requested the Secretary of Commerce to suggest a number of shipping services urgently required for the maintenance of American trade. The first suggestions, it is interesting to note, were for several new services to and from Latin America.

It seems to me that in addition to the services now maintained by private companies it would be well if the Shipping Board would establish at least one fortnightly freight and passenger service between New York and Venezuelan and Colombian ports, one fortnightly freight and passenger service between New Orleans and Venezuelan and Colombian ports via Jamaica or other islands of the West Indies, a fast monthly freight and passenger service between New York, Rio de Janeiro, Montevideo and Buenos Aires, and a slightly slower monthly service between New York and Buenos Aires with calls at Pernambuco, Bahia, and Santos, as well as Rio de Janeiro and Montevideo. The steamers employed in the services to Colombian and Venezuelan ports might well be of the "Turrialba" class of the United Fruit line, that is of about 4,500 tons gross register and of 14 knots speed and built especially for the tropical trade. The fast steamers employed on the New York-Buenos Aires service should be at least as good and as fast as the "Vauban" type of the Lamport & Holt line, with which they would have to compete. The two monthly services between New York and Buenos Aires should be so arranged as to provide fortnightly sailings out of New York and Buenos Aires.

In the matter of a through passenger service to the West Coast, the service instituted by W. R. Grace & Co. during the war should be extended as rapidly as

possible so as to provide fortnightly sailings in both directions. This service would not interfere with that offered by the ships of the Peruvian and Chilean companies. There would be sufficient traffic for all these lines and the trade of the West Coast countries would at the same time be better served.

There is need for an inter-island service in the West Indies, which would make it more convenient for travelers to go from Cuba and Santo Domingo to Porto Rico or from Porto Rico to other islands in the West Indies. Travel in the West Indies would be greatly facilitated if a circular inter-island service of small steamers were instituted.

It would be very desirable also if the principal routes between United States ports and those of South America were made to cross at some convenient port in the Caribbean. For instance, the port of St. Thomas would make a splendid focal point for lines between New York and East Coast ports and for those operating between New York and Venezuelan and Colombian ports. Under such an arrangement passengers bound for Venezuela or Colombia on a north bound steamer from Buenos Aires could transfer at St. Thomas to a south bound steamer proceeding to the north coast countries without going all the way to New York, as is necessary at present.

This opens up a big field for discussion and it is impossible in a brief address to do more than to call attention to some of the more striking phases of the shipping situation. Much good will be accomplished if the exporters and importers of the Pan American countries will give the Shipping Board and the Department of Commerce their views as to desirable services and routes. I am confident that the discussions of this session of the Pan American Commercial Conference will yield many valuable suggestions along this line.

PAN AMERICAN SHIPPING AND COMMERCE

BY GEORGE L. DUVAL, OF WESSEL, DUVAL & Co., NEW YORK

(Delivered at the Morning Session of Wednesday, June 4)

Pan American shipping, meaning transportation facilities for Pan American commerce, is a segment of a larger subject now engaging public attention, a segment which in the briefest treatment cannot be fairly considered apart from the text, as the conditions that concern shipping in general bear upon its integral parts and have undergone a radical change in the course of the war.

The Pan American service, like others, has hitherto measurably depended on foreign tonnage for transportation, whereas hereafter American tonnage will depend upon Pan American and other commerce for employment. The problem is to hold on to find the commerce.

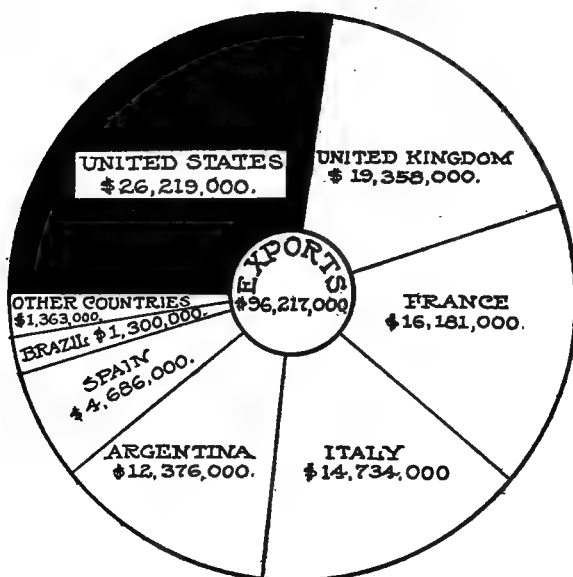
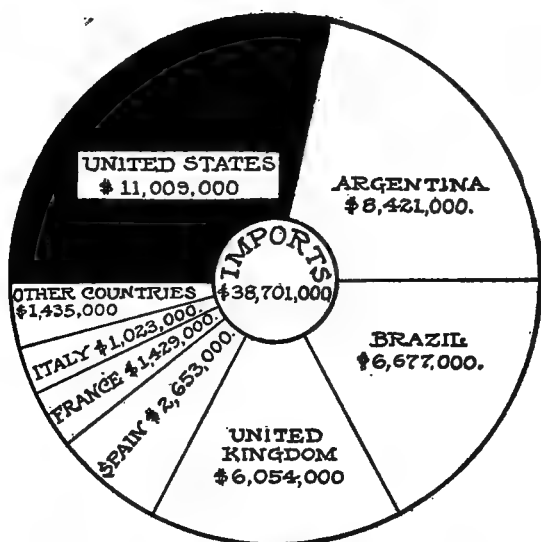
Ships to commerce are as food to life, yet they do not lead but follow; they are servants, not masters. During the dark days through which we have passed, while the extent of commerce has been measured by the ships available for its transportation, an undue prominence has attached to the element of tonnage, subordinating and often ignoring the factors upon which commerce primarily depends. Even before the war claims were made in favor of a National Merchant Marine on behalf of commerce that would not bear analysis. It has been asserted time and again that our foreign commerce languished for the need of ships of our own to serve it, and that the freight paid to foreign tonnage was an economic loss. As a matter of fact there was no dearth of shipping for the world's commerce before the war, nor any undue discrimination against ours. It is true that our outward business was subjected to higher freight rates in general than European commerce incurred, but this would have been the same had we had an adequate fleet of our own as free as other fleets in its operation, since there is no sentiment in ships or ship owners and they seek the most profitable employment procurable. Where tonnage congregates in greatest volume competition fixes the lowest rates, and as Europe has offered a broader and more constant market for the product of foreign countries, homeward tonnage has headed that way and been more available there for outward voyages.

The economic loss in freight disbursement, moreover, is not the payment made for the service but only that which remains after the cost of operation is

URUGUAY

FOREIGN COMMERCE 1917

TOTAL \$ 134,918,000.



deducted, for it is clear that labor, supplies and port charges pay no heed to the carrying flag and in normal times absorb all but a small percentage of the freight money, the margin for long and recurring periods being expressed in red ink; in other words, a minus quantity. Under prevailing conditions and under the provisions of our Navigation Laws, the cost of operating American ships has been higher than the cost of operating foreign tonnage, so that, as in the case of any commodity that we need, we have bought freight room where we could procure it cheaper than we could provide it ourselves, and our capital otherwise invested has undoubtedly brought to us greater tribute than we have paid.

In order to present a true perspective of the condition that confronts us, it is important to quiet these fallacious theories. It is not to depreciate the value of a Merchant Marine of our own, which is inestimable as an adjunct to the Navy and in times of stress to the national defense. We have, moreover, within us the elements to make it commercially valuable, but the possession of the ships or the possession of the ships and the money does not of itself provide commerce for their employment. Commerce is not a ready-made quantity but the fruit of long, diligent and consistent effort on the part of different factors working together, not each for itself, but mutually helpful in organized and coördinated form.

"Trade follows the flag" is the slogan of laziness, for it is not true without the "push" behind the flag, of which our people are capable when determined. It is, of course, soothing to national pride for merchants engaged in foreign commerce to see its subject matter carried to its destination under our flag, but it is a delusion to believe that its value is enhanced an iota thereby or that buyers are thus made more eager for it.

Presently, and as a result of the war activities of Government, we shall be endowed with a vast fleet of vessels, constituting a formidable Merchant Marine of our own, with a still vaster potential fleet behind it. The distinguished Chairman of the Shipping Board, at present controlling the ships, has said that the Government looks to those engaged in foreign commerce—presumably the merchants who have established their branches abroad—to develop employment for them, but bricks are not made without straw. It is very much to be hoped that the class upon which Mr. Hurley calls will multiply their number and give fitting representation to our commerce in Pan American markets and elsewhere to correspond to the standard of representation established by competing countries. We may rely upon the enterprise of our people, so dominant a feature in the national character, to fulfill this requirement if it is given the encouragement and aid to which it is entitled on behalf of the prosperity of the entire country, but let such expansion reach the ultimate limit and even then the combined resources of the merchants themselves will not be adequate to care for such a movement in commerce as our facilities and our needs oblige us to look for. Merchants must have the cooperation and very active assistance of manufacturers and bankers, the same as merchants of other countries enjoy, and present a solidarity of effort by the three distinct elements, each operating within its own function and displaying an esprit de corps.

The cooperation of the manufacturer is essential in adapting his product and the details of shipment to the requirements of the markets sought and to bring his costs or his price within the reach of foreign competition. He should realize that outward American commerce does not consist of any one item or restricted group of items, but of all that our industries produce in excess of our own needs, in order to maintain in activity the great industrial system of the country. The separation of any important product from the rest in the plan of distribution is to injure the others, particularly so when in such procedure alien merchants are put upon a preferential or even upon an equal footing with national merchants, which is not an unique procedure of our manufacturers in their haste for results. The alien merchant so favored in a staple non-competitive American product uses it to assist the disposal of competitive articles of national origin to which he owes allegiance, and when the article itself comes into like competition the discrimination shown against the American product is natural and to be expected.

The invasion of our hearthstone by many of the European firms which have beguiled our manufacturers in foreign markets bodes no good to our position. With interest centered in their national commerce it is no premium on prophecy to predict their attitude towards ours at the time when it will most need loyal service. It is safe to say, however, that it will not tend to develop burdensome volume or a tax upon the carrying capacity of our ships.

To the banker commerce at large looks for the facilities which are due to it from the funds of which he is the custodian, not only in assisting the extension

of credit on the shipments of our merchandise but also in helping healthy enterprises abroad, both public and private, for it is not the only function of the merchant to cater to the needs of his foreign clients, but also, by developing reciprocal markets for their products and by encouraging their local enterprises, to augment their needs and purchasing power and hold their good will. It is in this way that our principal competitors gained their ascendancy and hold upon foreign commerce, and it is only in this way that we can shake it and secure for ourselves the proportion that we are entitled to.

In professing their desire to help foreign commerce, those banks and financial institutions that either establish commercial departments of their own or make affiliations with distinctive commercial channels for exclusive or at least preferential access to their funds are not only ultra vires in procedure but inimical to the cause. They likewise impair their own fiduciary standing by identification with outside or collateral organizations, and thus, reaching for extraneous benefit, disregard the ethics of their calling and reflect upon its dignity.

The tendency in American practice to ignore precedent, however successful, and to hew out a short cut or an easier way of its own, serves only to hamper and delay progress in developing foreign commerce, and unless the light of example shines upon its procedure and it takes the illuminated road, it is to be feared that Pan American commerce and all of its sisters and brothers instead of seizing the ships as they are available and clamoring for more will continue to languish, and the facilities that we enjoy will be doing for others what they should do for us.

The normal balance of trade largely favors the South American Republics, but instead of acquiring credits here it is remitted to London because there or in other parts of Europe they get the accommodations they need in their process of development. The significance of these balances is lost upon our magnates of finance while shrewdly appreciated abroad. The depository enjoys much the same advantage that our banks enjoy from balances carried by their clients upon which no interest is paid, but, loaned to other clients and often to the depositors themselves, gain the market rate of interest.

These balances, coming from all directions, have made Sterling the world-wide stable measure of value, and so it will remain while these conditions continue, and impose a tax upon all of our foreign commerce through the medium of exchange.

The supremacy of Sterling, menaced during the war by the enormous credits established in England and the drawing power they furnished, was saved by an expedient adopted here resulting in the depreciation of our own currency and a surcharge upon all of our imports. To indefinitely subject all our foreign dealings to a Sterling control or to pay a perennial tribute to it is intolerable, yet for anything that the wisdom of our financiers has yet adopted or projected, dollar exchange in a broad or practical sense is but a pretty and alluring figure of speech. There is, of course, more exchange in dollars than there was, but, save in rare instances, it involves a Sterling conversion and the wise merchant prefers to do this for himself rather than leave it to the bank. In the conduct of commerce, and therefore in providing employment for our ships, no item is insignificant.

In ante-bellum times the Pan American commercial situation was sound and progressive. The phenomenal impetus given to it by the war developed proportions that exceed any standard of expectation for the future, as it was chiefly due to the absence of competition. It has, however, given our friends in the southern Republic information on what we can do to serve them, and it has acquainted our manufacturers with the needs of our Southern friends and how to meet them. We may accordingly hope that with enterprise and effort to match that with which we will come in conflict a good proportion of the increase may be held. We may certainly feel assured of the good will of our Southern neighbors and their earnest desire to promote closer and more ample commercial relations with us.

Polite and scrupulously observant in the amenities of intercourse, they are none the less practical. While appreciative of fine words and entertainment, they look to us to express our disposition in deeds, and unless we meet their expectation in this respect we shall continue to be spectators of the march of events, and the holds of our ships will gape for cargo that foreigners alone can supply because of supineness and complacency on the part of delinquent members of our body commercial.

OCEAN TRANSPORTATION

BY SEÑOR JOSÉ RICHLING, CONSUL GENERAL OF URUGUAY AT LARGE, NEW YORK.

(Delivered at the Evening Session of Tuesday, June 3)

In the process of development of the foreign trade of any country three main or basic factors must be taken into consideration. By order of precedence they are: (1) Adequate postal and telegraphic communications; (2) ocean transportation; (3) proper banking facilities and credits.

It is of importance that ready means of communication be established not only by means of cable but by a reasonable fast and reliable mail and passenger service.

No less significant are adequate banking arrangements which should allow the exporter and importer to negotiate his commercial paper on the same footing and equal terms with his foreign competitors and at the same time should tend to stabilize exchange as much as possible.

But in the actual and underlying circumstances of Pan American trade expansion, such as they have been created or influenced by the war, I consider ocean transportation to be the pivot-factor and if you will permit me I shall make a few remarks on the subject.

By reason of the emergencies of so varied and complicated a nature which have arisen from the war I have been compelled to take a greater interest in all the factors which constitute international trade than I usually do in normal times. The experience thus acquired has allowed me to arrive at the following conclusions.

The main requirements in the transportation of the merchandise contracted for delivery in order that the exporter and importer may develop their trade must be, I believe, assured of the following:

(a) Regularity and frequency of shipping opportunities (sailings); (b) stable rates to permit him to figure his business ahead; (c) some assurance that his cost of transportation (freight rates) will bear as close a parity as possible to the cost of transportation of like goods from competing European countries.

Regularity and frequency of service is assured the European manufacturer and exporter by reason of his older established business and the freight lines which have been built up through this long established export trade. With the merchant marine built in the emergency caused by the European War, which will have to be turned into commercial service, the American merchant and exporter has a better opportunity than ever before for a regular frequent service and if advantage is taken of his opportunity to establish export relations with Uruguay it is fair to say that his transportation facilities will come nearer equaling those of his European competitor's than ever before.

Excepting in abnormal periods in the shipping business of the world the exporter of the United States has had the advantage of fairly equal rates to those enjoyed by his European competitor, but, during abnormal periods, when the world's demand for ships was in excess of the supply, the American merchant having no established American lines such as those in effect from European countries was to a greater degree dependent on what is known as tramp tonnage in his trading and in consequence, in these abnormal periods, had to pay freight rates, which in effect, made him bid for tonnage in the open market. This, in many cases, at such times destroyed the equality of rates from America and Europe. With the avowed intention of the United States Shipping Board to use the tonnage built in the recent emergency for the development of regular trade routes the American exporter will be placed more nearly to an equal position to the exporter from European countries in that his transportation lines will be better established and more likely to be maintained even in abnormal times.

Under normal conditions freight rates from European countries were more stable than from the United States for the reason that the shipping lines worked in concert to maintain a tariff of rates quoted by practically all of the competing lines. I believe it is to the advantage of the exporter that there be stability in the rates quoted by competing lines from the United States and this can only be done, I think, by the American lines working in concert on the question of freight rates and some form of working agreement between lines in any given

trade should be recognized and approved by governmental authorities. This does not mean that freight rates should be necessarily set or controlled by government, as any attempt to fix or control freight rates by government might tend to destroy the flexibility in rates which tends to assure to the exporter the benefit of equal freights with his European competitor.

With regard to northbound traffic, conditions are somewhat different. The shipments of Uruguayan raw products, wool, hides, etc., more and more required by the industries of the United States are dependent on world market conditions for three commodities which are less stable and subject to greater fluctuations than those relating to manufactured goods. However, with the increased service southbound requirements of the northbound trade will be well provided for as the volume of merchandise from Uruguay to the United States is much less than that from the States to Uruguay.

I believe, gentlemen, that our motto should be—ships, ships and more ships. If we succeed in securing enough tonnage to take care of our trade everything else will be settled without great difficulties. If the bottoms are there at our disposal as a powerful and suggestive invitation for the expansion of inter-American trade, I know that you, with your usual push and energy, will see to it that they are properly and efficiently used for the benefit of all of us.

FREIGHT CARGO

SUGGESTIONS MADE BY SR. ALBERTO ACUÑA, SHIPOWNER, OF VALPARAISO, CHILE.

I. *Steamships for South America*.—(a) Those from the American ports on the Atlantic Ocean; (b) those from same on the Pacific Ocean. These ships should be iron and not wooden, with modern facilities for loading and unloading, but with a daily capacity not exceeding 500 tons per ship, inasmuch as the docking facilities in most of the South American seaports are not in a position to handle more than this amount at present.

II. *Sailing Vessels*.—Inasmuch as those vessels have generally favorable winds, as far as the Panama Canal, it would be advisable that the United States Government should see that a fleet be stationed at Panama, or to foment the organization of American private owned concerns of such a nature, so that those sailing boats could, under their care, aid them when necessary during any part of their trip to the different South American ports on the Pacific Ocean. But if this arrangement could not be feasible at present for any reason, it should then be recommended that said sailing vessels should carry special gasoline propellers to be used for any emergency caused by lack of favorable winds. These sailing vessels to be either of iron or wood, but well built, so that the insurance premium should be the same for both of them.

III. *Panama Canal Tolls*.—The present duties charged by the United States for the passage of ships through the Panama Canal should be reduced 50 per cent in the case of steamers and 60 per cent in the case of sailing vessels engaged in the foreign commerce between the United States and the South American countries, or between any of the ports of these, and whatever be the nationality of said steamers or sailing vessels.

IV. *Reduction in freight tariffs*.—At present the U. S. Shipping Board charges a fixed price per ton carried on ships going from the United States to South American ports on the Pacific side; and per ton for those coming from the South American ports on the Pacific Ocean to the United States. It should be earnestly recommended that a reduction of 30 per cent be made in said freight tariffs.

AVIATION

AVIATION AS AN AID TO PAN AMERICAN COMMERCE

BY AUGUSTUS POST, SECRETARY OF AERO CLUB OF AMERICA.

(Read at the Morning Session of Wednesday, June 4)

Commercial aviation has started by leaps and bounds to exceed the tremendous development made during the time of war, which put aeronautics twenty years ahead of where it would have been without this extraordinary necessity and stimulus to inventive genius. The strides of the last few months have seen the flying boat cross the Atlantic ocean, flying 3,925 miles in fifty-five hours and thirty-three minutes, with a non-stop flight of 1,200 miles from Newfoundland to Horta. The daring Harry Hawker might have flown directly from Newfoundland to Ireland if he had not made a slight change in the construction of his motor. Three British teams are ready on the shores of Newfoundland to make this flight and there is no reason why they all should not be successful. But all honor to Commander Read and his splendid crew who were first to fly across the Atlantic and bring the glory to the American Navy.

The United States Army not to be outdone are planning a trans-continental flight from the Atlantic to the Pacific, flying 1,500 miles without a stop before crossing the Rocky Mountains to complete the 2,750 miles from coast to coast. Flights have been made by British Army machines from London to India, a distance of 5,800 miles, and flights are projected from London to Cape Town via Cairo, and exploration parties are already laying out landing fields to insure the success of this flight. Other machines have started from London to fly to New Zealand over the islands of the East Indies and a great system of world routes have been laid out, uniting Europe with the Orient, and plans are being perfected in England by the builders of the large rigid dirigible airships by which every important section of the globe will be within ten days by air from London.

These large dirigibles today have a capacity of over 60 tons and can cruise at a speed of nearly 70 miles an hour for a distance of nearly 8,000 miles, and one of them remained in the air for 4 days, 8 hours and 55 minutes. This is the type known as the R-33 and R-34, built for the British Navy, and one of these airships is now preparing to make the trans-Atlantic voyage from England to the United States. Plans have already been projected for the building of huge dirigibles that will contain ten million cubic feet of gas, be a thousand feet in length and have a cruising radius of over twenty thousand miles, or sufficient to carry them around the world. The Vickers Company of England are prepared to furnish aerial liners to carry 140 passengers across the Atlantic at a cost of two million dollars each, and they have worked out the entire problem of operation from a financial standpoint.

Besides these large dirigibles trans-atlantic type of flying boats and large aeroplanes like those built by Handley-Page in England, carrying forty passengers, Henri Farman in France and Caproni in Italy, who is building machines to carry 75 passengers, there are splendid types of flying boats and landplanes suited for maintaining regular schedule service on the rivers which abound in the Latin republics of Central and South America, and for flying over the pampas and plains as well as in the mountainous district along the Pacific coast, where the aeroplane will perform the functions of an incline railway or elevator, being able to rise from the seacoast to the cities located at high elevations on the mountain side.

The Curtiss Aeroplane Company are sending Mr. Orton Hoover with flying boats, who will make a trip from New York City to Buenos Aires, flying down via Florida, Cuba and the islands of the West Indies along the coast of Venezuela, Brazil to Rio Janeiro and then on to Buenos Aires. The actual demonstration of the value of aeroplanes is the most convincing argument that it is possible to make, and in countries where transportation and inter-communication by steamship and railroad are difficult, the advent of aircraft will produce changes undreamed of in commercial development, and we must realize that besides being of inestimable value for mail and express transportation as well as the carrying of passengers, they will be of still greater value for commercial and scientific exploration, surveying, mapping and all geodetic work, besides being an unequalled factor for sport and pleasure.

In the Second Pan American Aeronautic Convention and Exhibition at Atlantic City which has just closed the representatives of the Latin American republics who were present expressed their deep appreciation of the opportunity afforded to see all of the latest developments in aeronautic science, including radio direction finding apparatus, radio telephone and audio-frequency communicating systems as well as the latest instruments for navigating the air, including the Sperry automatic pilot, gyro-turn indicator, "aero taximeter" and instruments devised by Prof. Charles Lane Poor for computing latitude and longitude by means of a circular slide rule instrument. One of the most important developments for the promotion of safety in aeronautics was a series of parachute contests conducted in order to demonstrate the practicability of the use of parachutes in connection with aeroplanes, and it was clearly shown that there are several splendid types of parachutes than can be relied upon under all conditions.

We can easily foresee that within ten years aircraft will be the most powerful single factor in developing the Latin American Republics economically, socially and commercially. The tremendous strides forward made in aeronautics open the most wonderful possibilities for the employment of ingenuity, genius and skill and business opportunities as great as have ever been created by progress in important lines of human endeavor. There are problems of engineering as huge as have been solved by Goethals and other master builders, judicial and legal questions to be decided upon as stupendous as a statesman was ever called upon to solve, possibilities for the development of international relations greater than were ever conceived; problems of transportation to be solved by the application of aircraft as complex as have ever confronted economists, and opportunities to gain distinction dazzling enough to satisfy the most ambitious.

THE VALUE OF AIRCRAFT IN COMMERCE

BY CAPTAIN CHAS. J. GLIDDEN, AIR SERVICE

(Read at the Morning Session of Wednesday, June 4)

It has been my privilege in life to have been actively connected with the development of the telegraph, telephone, automobile, and aeronautics, and with your permission, for the purpose of showing briefly that the development has exceeded man's greatest predictions, before taking up the subject of aviation I will cite a few incidents in which I was particularly interested.

The Telegraph.—When the British cable between Vancouver and Australia was completed an electric circuit of communication extended around the world, His Majesty, King Edward, exchanged congratulations with officials in Australia via the Atlantic Cable, the land wires across Canada, and the New Pacific to Australia, but did not send the message around the world. Thinking it a rather unique idea to send a message to myself around the world, I did so from my home in Boston addressing the telegram "Glidden, Boston, via Vancouver and Australia." When the message arrived at Vancouver, the cable being in the hands of the contractors, it was delayed twenty-four hours but finally sent on to Australia; thence sent on to London via Suez and arrived in Boston thirty-six hours after it had started. This was the first message sent around the world as acknowledged by the Directors of Telegraph of Great Britain. Later the presidents of the two telegraph companies in the United States, sitting at either end of a platform not much wider than this, sent a message from one to the other around the world which was transmitted in two and one-half minutes' time. When the clock struck twelve in the Fiji Islands, December 31, 1906, I sent a telegram of Happy New Year's Greetings to the Boston Globe, Boston, Massachusetts—8,000 miles away—which arrived in two and one-half minutes, or sixteen hours fifty-seven and one-half minutes before it started, on account of the difference in time.

The Telephone.—Forty-two years ago, fifty-five miles from Boston, I conducted a successful long distance talk with Prof. Alexander Graham Bell, inventor of the telephone; later obtained the first subscriber to an exchange system in the world, built the first long distance line, and twenty-nine years afterwards with 1200 other gentlemen in Boston conversed with parties in San Francisco, the articulations being perfect.

Motor Transportation.—From 1901 to 1908, eight years, I devoted nearly all the time driving the automobile twice around the world—in thirty-nine countries,

over 46,000 miles. South American countries were on my program, but a visit prevented on account of the war, and these countries I hope to visit by airplane. Transportation in nineteen years reached a perfect stage and did much toward winning the war.

Aeronautics.—In 1908 ballooning was the greatest of sport and later flying came forward. If you ever knew, you may have forgotten that you have here in my friend, Honorable John Barrett, your Director General, a real, live aeronaut, for it was my privilege to pilot him on a balloon ascension from Springfield, Mass., in the early days of the sport. He was certainly a live and interested passenger, and when he visits South America again it will be by Airplane.

The Air Service of Today.—The Atlantic has been crossed by Airplane; the American Continent by the southern route—2,321 miles—four times, once in 19 hours and 15 minutes-flying time; and will be again soon from New York to San Francisco in less than 35 hours with probably one stop.

Do you realize that while the fastest trains are running from Chicago to New York you can fly from Peru, Ecuador, Bolivia and all points north of the Amazon to points in the United States? And that while the fastest express train is running from the Rocky Mountains to New York you can fly from nearly every important city in the South American Republics to the United States? This alone enables you to partially estimate the value of Aircraft in connection with commerce.

DEVELOPMENT OF AVIATION IN THE UNITED STATES

BY CAPTAIN MAX L. McCULLOUGH, AIR SERVICE, U. S. A.

(Delivered at the Morning Session of Wednesday, June 4)

Mr. Director General, Ladies and Gentlemen: I will endeavor to be very brief indeed on account of the lateness of the hour and will simply limit myself to outlining to you a few of the things which I had hoped might have been brought out by Major General Menoher, Chief of the Air Service.

Some of you may know, as I know, that in South America there is being carried on today a great deal in the line of commercial aviation. Already in some of the countries mail routes have been established and in some of the larger and more important countries of South America well developed schools for the training of aviators are now in progress.

I want to bring out today and give you for your consideration, those of you especially who come from South America, the thought that in the future development of aviation in your country you may very well look to the United States as a field from which you can get material and if necessary instructors and personnel for carrying out this great work. In just a very few words I want to outline the development of aviation in this country up to now.

As you all know, some fifteen years ago the first flight in heavier than air machine was made, an American invention, and some three years later the first public flights were celebrated near this city. They were successful. The plane conformed to the government specifications and was bought and paid for by the United States. Then occurred a very surprising thing, as we look at it now, and that is that in the next eight years the appropriations of this government for aviation purposes amounted to less than one million dollars.

During this time the Governments of Europe, seeing the military possibilities in the airplane, did a great deal to advance the design and manufacture of the heavier than air craft. The United States was in the war about a year and a half. One month after the United States entered the war ten million dollars was appropriated for aviation. During the next month thirty million dollars was appropriated and during the next month, in July, 1917, one hundred sixty-four million dollars was appropriated for aviation.

I have not time to go into any detail about the accomplishments of the Army Air Service by the expenditure of this money. I will say, however, that the Air Service of the Army, when the armistice was signed, was composed of one hundred ninety-thousand men—ten thousand flyers have been trained in this country. They had flown almost one million hours in the air and had covered approximately sixty-five million miles. The accidents resulting in fatalities were lower in percentage than those in any other country in the war.

Sixteen thousand wonderful high powered Liberty airplane motors were manufactured in 1918. The United States did not attempt to manufacture on a large scale the small single-seater fighting plane, the "scout" plane as it is sometimes called, used over the western front, but it did go in and specialize on the manufacture of the larger weight carrying machines, machines used for bombing, reconnaissance, etc., in time of war and which now are the type of machines that are useful for commerce.

At the time the armistice was signed twelve hundred of the deHaviland Four machines were being manufactured per month. This will give you an idea of some of the achievements of America in aviation in war times. A large industry has been built up, many hundreds of men have been trained in design, in manufacture and in advanced flying itself.

I wish to bring this before your attention, that in the future when you need aviation material, such as needed to establish aerial mail routes, passenger routes, you will look to this country and to its manufacturers with a full understanding that they have already developed several types of the larger machines which are most useful in this work. I think that I can say on behalf of the Air Service that the Air Service of the Army is in favor of and is heartily in accord with the development in every way of commercial aviation, and looks forward to the time when some of the prophecies spoken of by Secretary Post may be true. I feel sure that in the coming years you may see in South America very much more activity on the part of the Aircraft Association of this country than you have in the past.

So far, as a country, we have allowed England and France and Italy to take their airplanes down to you first and to demonstrate what could be done and naturally you will turn to them for a certain amount of material, but I feel sure that soon our own manufacturers will be there with their representatives and with their planes and will be able to offer you something at least as good and possibly better than any of the countries from the other side.

TRADING METHODS

COMMERCIAL ETHICS

BY DR. BURWELL S. CUTLER, CHIEF, BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
DEPARTMENT OF COMMERCE.

(Read at the Afternoon Session of Wednesday, June 4)

It has ever been true that no community of action can be brought about between two or more men without a community of interest. In the absence of an incentive truly mutual, even if not mutually equal, cooperation lags and active relationship between the two parties dies out.

Commerce, defined as an exchange of values, does not eventuate between two traders when one of them can find no value for himself in the transaction. Or, having chanced a trade in the hope of finding profit and then being disappointed, he will not continue to trade in that particular direction. Repeat indentures, whether between individuals or between nations, depend wholly and exclusively upon an equity of satisfaction continuously felt and frankly acknowledged.

Although this is so obvious as to be almost trite, yet we must be ever and always reminded of it when we discuss commercial relations with other nations of the great Pan American Union, because traders North and South are likely to be thinking of orders only, the passage of merchandise in volume, and not the spirit which creates the trade.

There is a belief amongst the cynical ones of commerce that the hungry buyer will favor with his orders any business house or nation which quotes low prices regardless of the seller's lack of known reliability. I have heard it said that in the Far East particularly only commercial speculators, adventurers or pirates can do business because they expect to capture from each buyer one order only and are willing to quote any low price on any set of specifications desired, knowing perfectly that their goods are inferior and will be a disappointment on arrival; in other words, it is the policy of commercial trickery. The cynic who thinks such methods are necessary in any part of the world, simply because its people want inexpensive goods, is not only an ignorant of economy but totally deficient in salesmanship. As for his morality, he might just as well propose to commit perjury in a court of law; one deception is as bad as the other.

But, of course, we are to think primarily of the well-established business man or his concern whose object is to build up and maintain a continuously agreeable and profitable trade. He knows instinctively that he must have a satisfied customer all of the time. The initial expense of finding the reliable customer, whether he be buyer or seller, frequently adds so much to the overhead cost of the first transaction that little profit remains, and yet he has foreseen this and is prepared to accept it in favor of repeat business free from contingency. Sometimes adverse conditions govern for a long preliminary period; for instance, the financial state of a foreign country may make the opening of trade depend on financial aid to the buyer, either in the form of loans or of merchandise consignments; for a year or more, this concession takes at least six per cent bodily out of the profits. But our far-sighted merchant consents, when able, because he is building up successful *trade relations* and is not scheming for one or two profitable orders; he is not making a raid on the market; he is disposing of his output in the years to come.

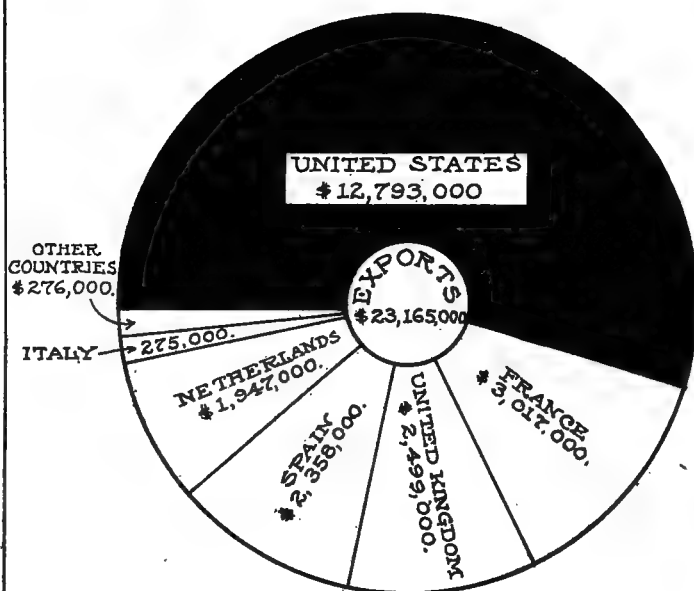
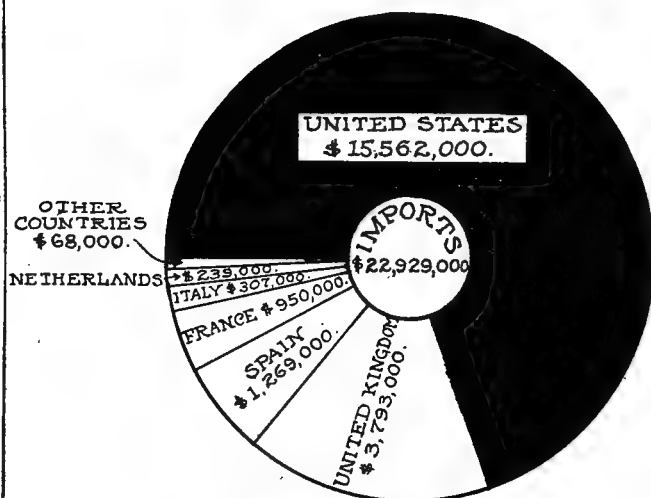
In the organization of their sales forces the largest and best concerns of the United States—and this is equally true of like concerns in South America—do not demand of new commercial travellers a great sheaf of orders on their first trips regardless of consequences; what they do require is a showing on subsequent trips, a constantly growing clientele on the firm ground of satisfaction and confidence. Indeed, I have known salesmen to be summarily dismissed by such concerns for persistently overstocking customers, on big orders regular in every way but too forcefully stimulated.

The mere writing of an order, even if great ingenuity and energy is required to overcome competition and the buyer's reluctance, is not in itself a complete commercial victory. The wisest traders make sure in their own minds that the buyer, if he be a dealer, can successfully sell the goods to the consuming public, or they calculate in advance the consumer's satisfaction when selling direct. Further, it is the custom of some expert merchants to confer with the customer's bank or

VENEZUELA

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TOTAL \$ 46,094,000.



other financial supporters for the frank purpose of providing against any possible chance of failure to meet the account on date of maturity. This is, of course, with the consent of the buyer whose own peace of mind and future security is thereby safeguarded.

I do not advocate such a measure as indispensable, for often it would have the air of being too patronizing; it is called for only when both sides to the bargain agree to thus co-ensure their joint risk. Not long ago a great and generous South American merchant selling to one of his best customers in this country provided in this way for the possible extension of his account against the North American and thereby saved both himself and customer from imminent bankruptcy when the war-time restraints on production of non-essentials put the North American temporarily out of business. It serves merely as another proof of the fact that the great operators of Latin America have no superiors anywhere in the world when it comes to the real statesmanship of commerce. Indeed, we North Americans have something to learn from the worldly-wise veterans of the southern hemisphere.

And so, as Secretary Redfield said yesterday, order-taking is not the final word by any means. One of the best salesmen that I ever knew almost never wrote an order, but he was almighty good at finding out what his friend, the buyer, actually needed in the way of machine belting and then inducing the buyer to write out his own order and send it in by mail. Many times he procured for the buyer belting of a make quite different from the one turned out by the factory which he represented. He called himself "trade developer" and his concern "the service station." When the conversation opened up with the distracting inquiry "how cheap?" he usually replied: "Do you want it by the kilogram or the meter or the texture—or by my talk? Any way suits me, but not my texture against the other fellow's kilogram." There is a world of good advice in that to any Latin American who prefers a low price to anything else, and gets it—but gets little else.

In brief, the responsible concerns of North and South America on whom we depend for Pan American solidarity practise a far-sighted system of foreign trading designed for a term of years and predicated on the smiling satisfaction of their customers; speculative order-taking has no place in their program.

It must also be said that our South American brothers should prefer their trade relations with North American houses of established high repute, if they want the certainty of fair treatment. For those concerns only are the ones which know they must protect their investment and their good-will by judicious settlement of such errors of practice and misunderstanding as may inadvertently occur. It is the experience of the Bureau of Foreign and Domestic Commerce in its role as volunteer mediator of Pan American trade disputes that representative North American houses are zealously eager to make the amend honorable every time. On the other hand, irresponsible commercial pirates regard any deal as closed after they have secured their money, and they avoid adjudication as a burglar does a police court.

There is no such thing as a superabundance of information about any man or his concern when we are dealing with him for the first time. Nor will he himself refuse to report his whole background and history, unless he has something to conceal. I wish that the habit of commercial confession on which North American domestic credits are based might be emulated in Latin American countries instead of it being so often thought a species of impertinent familiarity.

Of course, there is no morality involved in a transaction when two traders meet each other fortuitously for the secret purpose of tricking each other. When the victim of "horse-trading" cries out that the animal he received for his spavined horse was even more spavined and also foundered, the Bureau of Foreign and Domestic Commerce as mediator retires from the paddock with a smile of serene detachment. The Pan American deserves just what he gets and nothing else.

Please do not for even a moment infer from this discussion that we find Pan American trade relations greatly beset with complaints or difficulties of understanding. As a matter of fact, the course of this trade for several years back, even during troublous war conditions, has been singularly free of conflict. Instead of disputes there has been a constantly augmented flow of warm commercial sympathy and admiration. The official correspondence of the United States Department of Commerce with South America frequently reads like the billet doux of a successful courtship.

But, now, that we have learned one another's ways and viewpoints, what common tenet of commercial faith may be found, what creed of ethical value to which all our business interests may adhere? It seems to me that we ought to

have a standard, a touch-stone by which our mutual trade conduct is measured and guided. The Home, the Church and the State acknowledge, each for itself, a platform of moral declaration by which it appeals for support to the peoples of the world. In different lands the articles of faith vary, but they never deviate from the supreme purpose of inculcating a common morality in accordance with the best thought of the land. The great institution which we call "business" deserves such a creed, so that men North and South may acknowledge it, just as most of us acknowledge allegiance to the ten commandments of Moses; it needs a creed to which the guardians of economic integrity—and every honest business man is such a guardian—to which he may point and say "You may count upon me to follow that ideal so far as it is humanly feasible." It would then be possible for us to hold up any phase of business conduct to the creed and to determine how far it followed that ideal or departed from it. It would mean that in the very beginning of a transaction the several parties thereto could accept the guiding principles in which they concur without debate and thereby clear the ground of any basic misunderstanding before actual trade ensued. It would mean the same unity of spirit and purpose that actuates all the members of a church or of a political party. It would satisfy the intense longing of the honest and capable business men within the realm of the Pan American Union to know each other better so that coordinated business conduct is made easy and habitual.

Needless to say, the adoption of such a creed would automatically exclude from our confidence those individuals who could not or would not subscribe to its articles.

Without doubt, there exists in the minds of most good business men a list of non-ethical practices which are known to commerce and abominated. These frequently take the form of prohibitions, expressed in negative terms, such as a resolution that we will not attempt to ruin another man's market by the process of selling goods below cost next door to his best customer for the sole purpose of injuring him and his customer at any cost. Likewise, no good management will throw a hard-pressed dealer into bankruptcy for the purpose of stealing his business. Neither will a good management secretly bribe a customer's purchasing agent to take goods of inferior quality at high prices. No good management should deliberately hire away the valuable employees of another concern for the purpose of crippling it; this is an evil which is too prevalent now and would be abolished if there could be an agreement on its unmoral character. No good management thinks it permissible to adulterate the goods of a competitor and then sell as of representative value in order to damn the competitor in the eyes of his trade. Even the practice of selling second grades or so-called job lots at properly reduced prices may be considered justifiable only when the goods are indelibly marked for recognition as to second quality by the consumer.

There is no need to recite the entire list of tricky practices which the high minded commercial men of North and South America condemn as individuals. These, however, might be carefully rehearsed and written down and by a process of studious analysis reduced to several fundamental prohibitions in principles on which Pan American agreement could be expected. I would, however, be in favor of an explicit and detailed exhibit of those practices as the first step in formulation of the creed so that the underlying principles would be thoroughly apprehended by those people who need daily explicit direction in the same way that the great moralist Moses gave it to them.

Practically all instances of suspicion directed against a customer or competitor as to his motives would disappear if we knew that he had pledged himself to a code that we ourselves support.

Further, let me say that business should explain to the world the irresistible economic laws on which it is founded; it should encourage and advertise the fine morality of its directing heads; it should formulate and profess a code of honor appropriate to the commercial idealism of the day; and it might, with great profit, define a code of business honor which good business everywhere would gladly embrace for its own protection.

At this particular juncture of world affairs, when we may count the loss by war of two hundred and fifty billions of dollars' worth of accumulated credit, representing the earnings of millions of people during the last century, we must look forward to commercial operations based on future earning capacity. The credits and the negotiable values which were available to us in July of 1914 for the last time have been diverted to other uses or have completely disappeared. This is

primarily true of Europe, but its effects are even now being directly felt in the New World. From now on commercial credits and confidence will be based, to a large degree, on the future earning power of the people in all parts of the world. Those countries which have been wholly occupied in warfare will be called upon to redeem the inflated currency issued by their governments; they will be called upon to produce raw materials and finished commodities in such volume that a surplus over their own normal needs will accumulate and be translated into financial credits. In other words, only a part of a nation's fiscal strength will be found in values now existing. Since our dependence for the resumption and expansion of commerce will rest very largely on the future ability of peoples to earn an excess livelihood, and since we must accept promises to pay at a future date instead of demanding immediate delivery of gold, we are in the position of relying on the moral courage and integrity of business interests everywhere to make good their promises. Could any time, therefore, be more propitious for the formulation of moral values in business and for a complete comprehension and acceptance of a code of honor binding us closer together and making of the peoples within the realm of the Pan American Union an economic unit working for their common salvation?

DISTRIBUTION OF BRANDED ARTICLES IN LATIN AMERICAN MARKETS

By E. T. SIMONDETTI, OF JOHN W. THORNE & Co., NEW-YORK

(Read at the Afternoon Session of Wednesday, June 4)

To gain the good will of everybody present I am going to be brief, taking up only one specific phase of merchandising in Latin America: the distribution of articles of general use sold in packages and under a special brand.

The small package, making possible the general home and personal use of articles that before were sold in bulk, represents a distinctively American development of modern merchandising. Being founded on convenience and sanitation the small package will be received and accepted all over the world with the same increasing favor which is finding in the United States. That is, if American manufacturers, who are pioneers in this method of selling, will apply to their export business the same good common sense that has made them successful at home, and will realize that people are governed by the same fundamental impulses everywhere.

To develop successfully a Latin American market for branded articles, the manufacturer, in my opinion, must be willing to follow his goods not only from the factory to the shipping port but also through the foreign channels of distribution until they reach the ultimate consumer and are really and finally sold. At present, too often the filling and shipping of an order from a foreign buyer or agent marks the end of the manufacturer's activity. Too often the manufacturer is even ignorant of the manner in which his goods are being distributed and the price at which they are being sold, thus being unable to correct those errors which render impossible the full development of the market.

Rather than to point out specifically all the errors that have come under my observation, I prefer to outline the various successive steps which, in my opinion based on actual experience, the manufacturer of branded articles should take, in order to secure a real worth-while export business.

First: The manufacturer should employ the services of an export department either organized for his own exclusive use, or organized for the use of various manufacturers of allied and similar lines. This department must be directed by men possessing knowledge of modern merchandising as practiced in the United States and knowledge of foreign markets. Through this organization selling agents must be appointed for the various markets as determined by facilities of communications, which may mean one or more agents for each country.

Second: The selling agent must be a selling representative in the real sense of the word, one that may and generally should carry stock, but not a dealer with a store, whether a jobber or a retailer. The manufacturer who appoints a jobber as selling representative limits his sales from the outset to the restricted number of retailers which that jobber controls through established trade and mainly through the carrying of accounts for long terms. Other jobbers will not buy from that competitor, neither are retailers controlled by them allowed to buy from that competitor. Thus the giving of an agency to a jobber serves only as a stimulus to

other jobbers to seek agencies of competitive lines, to the detriment of all of them.

A selling representative openly recognized as such, even though carrying stock in his warehouse, is free from jealousies and can sell freely to all jobbers and retailers. This is particularly important during the initial period of missionary work when the agent must first distribute directly to the retailers in small quantities to establish easily available sources of supply and develop a demand which later will induce the jobbers to place orders for large amounts.

Third: The manufacturer must not assume that the representative abroad is able to plan and execute a regular selling campaign, but through his export department, although taking in consideration the recommendations of the agent, must plan and direct the campaign, employing with proper adaptation to each market those methods through which he has been successful at home.

The first thing that his plan must contemplate is the price at which the package is to be sold to the ultimate consumer, this price to allow a profit for the jobber as well as for the retailer besides the agents' commission. To establish this price there must be taken in consideration the cost of freight insurance and duty to each market, thus arriving first at the cost of goods delivered to the agent's warehouse. With rare exceptions the respective profits for jobbers and retailers can be figured at 30 per cent for the former and 33 $\frac{1}{3}$ per cent for the latter. An important point is to see that the agent will not allow any retailer the jobber's discount and thus shut himself out of their trade later on. This of course does not apply to those exceptional cases in which it is found advisable for the selling agent to distribute at all times directly to the retailers eliminating entirely the jobbers.

While there will always be a certain amount of price changing on the part of retailers everywhere, the price to the ultimate consumer can be maintained fairly regularly by consistent and judicious consumer's advertising.

This advertising as well as the dealer's promotion work must be directed by the manufacturer's export department availing itself of the cooperation of the selling agent to the extent only to which the agent can usefully cooperate and in proportion of his knowledge of modern merchandising methods. This knowledge of course can be constantly increased by the intelligent and sympathetic assistance that an efficient export department must give the foreign selling agents who should be considered as an integral part of the manufacturers organization.

The whole question, after all, resolves itself into this: A manufacturer of branded articles of general use must not abandon his goods the moment they are delivered on board a steamer at a United States port, but must follow them through the various channels into the hands of the foreign consumer with the same solicitude and intelligence with which he follows them into the hands of the domestic consumer.

SELLING METHODS

By C. A. McQUEEN, CHIEF, LATIN AMERICAN DIVISION, BUREAU OF FOREIGN AND DOMESTIC COMMERCE, DEPARTMENT OF COMMERCE, WASHINGTON.

(Read at the Afternoon Session of Wednesday, June 4)

Mr. Chairman, Ladies and Gentlemen:

Mr. Barrett this morning in the session on transportation, made the remark that communication is the first essential of trade. That is obviously true, and it occurred to me when he made that remark that in the session this afternoon someone should point out the fact that knowledge is the great essential to proper methods of trade—if not knowledge, at least the possession of a source whence knowledge may be obtained. I have chosen this topic because it is brought home to me every day in conducting the work of the Latin American Division of the Bureau of Foreign and Domestic Commerce.

Our duty is the promotion of the commerce of the United States with Latin America. Incidentally, we promote the commerce of Latin American countries with our own country. The Pan American Union of course is a cooperative organization of the American republics. I shall have to speak, however, as an officer of the United States Government, entrusted with the promotion of American trade.

To go back to the topic of knowledge, I wish that all of you who are interested actually in trade could come and see the beginnings made in the Bureau

of Foreign and Domestic Commerce for the collection of all sorts of economic information on Latin America.

In talking this noon with a well known gentleman here present who has recently returned from Argentina, he made the remark that conditions as they exist at present in South America have not been covered in any publication that has come to his attention nor in any of the speeches, as excellent as they have been, which he has so far heard at the Conference. He made the remark that no one in this country realizes the tremendous changes that have taken place.

The people who are going to do business with Latin America must post themselves on those things. They will find our Bureau at their disposal. By means of the trade information supplied us through the consular service and through our own offices in Latin America, we get reports on economic conditions. Through all the important newspapers published in Latin America, we are posted on what is happening, not in the way of news but in matters of trade, statistics, production of native materials and special opportunities that arise for the investment of capital or the more active promotion of export sales. In various other ways we are supplied with a fund of knowledge which we really wish we could disseminate with greater facility.

Since the signing of the armistice, we have supplied some five thousand five hundred business firms with more or less important trade information regarding Latin America either by letter or by personal interviews. I suppose that allowing for repetition we may safely say that we have supplied information to three thousand five hundred separate concerns in this country—manufacturers, banks and exporting and importing houses.

A great many of those firms were entirely new to Latin American trade, for, just as soon as most of the manufacturers could get their bearings after the signing of the armistice, they began to look around for foreign markets and Latin America was one of the fields in which they were chiefly interested. I would like to review the ways we have, the different channels we have of directing the efforts of those people toward Latin American business, but the purpose of this session is, I understand, to discuss trade methods.

Including selling through commission houses and direct sales and all other forms of promotive effort, I find that there are six different ways of getting Latin American business—six different systems of handling the business, and the knowledge that you must obtain of Latin America before you attempt to do business there will guide you to one of those six systems which you must adopt.

Through Commission Houses. Secretary Redfield in his opening speech of Tuesday morning said, that before the war our products were largely sold in Latin America by foreign merchants and were shipped there in foreign vessels. Now, that is true, as every one who has traveled in Latin America knows. I myself have seen in Buenos Aires the warehouses of German firms filled with American specialties such as gasoline engines, barbed wire, wind mill supplies, machinery and a number of other things which are known as American specialties—kitchen ware, office supplies, filing cabinets, petroleum products, lubricating oil, leather shoe findings and other things—those were sold practically entirely through the commission houses of this country and they carried the burden of the country's Latin American commerce. I presume it may be safely estimated that they did 70 per cent to 75 per cent of this country's Latin American business.

American firms can do their business through commission houses in two ways. One is without effort on their part, simply selling the commission house as they would a domestic customer. That has been done to a great extent. I know a great many important manufacturing concerns who make things like building hardware, anvils, and similar metal specialties who every month receive very nice orders from the New York commission houses, and they have no further interest in Latin American trade because they are satisfied with what they are getting. That was especially the case before the war. That is the first way of doing export business with Latin America, but I don't think you should consider those people in the export business strictly speaking, because they make no effort to get it and the mere fact that their products go to Latin America is not important to them; they simply accept the business.

The second way of exporting to Latin America involves more exertion on the part of the manufacturer. That is through inducing sales by means of adver-

tising or by sending salesmen to a foreign country and soliciting orders to be placed through a New York commission house. It is a good plan to adopt in the case of special industrial equipment. Industrial equipment, of course, is not sold in any great volume in Latin America. As a rule there are a few very large factories in certain lines and a manufacturer has to study how those factories buy their equipment. They are usually tied up with some local importing and exporting concern which supplied the capital for the beginnings of the business. You could not give those factories any machinery, it has to be bought through that commission house, which insists on remaining the channel for the supplies of the industrial organization so that where the number of possible customers is limited, it is best to ascertain just how each factory buys its equipment and then work through those channels. You may have to go to a firm in Paris. I have known of cases where a large factory in Buenos Aires would place its orders through a local house who would forward the order to Paris; that house would then send it to New York for execution, but the business was originally sold by the salesman of the American manufacturer.

Those are the two forms of doing business through commission houses. With the changes brought about by the war, the relative volume of Latin American exporting done in that way is less than it has been in the past.

There are four ways of doing business in a direct manner and they are receiving the close attention of American manufacturers. (1) I would take as an example a manufacturing concern which has an export department in this country, employing a man who knows how to get Latin American business and sending salesmen to call on customers through Latin America, just as they would on business houses in this country. That is done very successfully by a number of highly reputable firms in this country who have thereby created a very steady demand and a good sale in Latin America for their goods.

The second way of selling direct is that of an export organization on a broader plan with perhaps branch houses in some important parts of Latin America and resident agents in other sections. That is going into business on the scale of large petroleum and steel companies.

The third way of doing business directly is that of mail order, selling to the individual or to small dealers as in the case of the large general merchandise mail order houses. There has lately been a development of that kind of selling and a few large dealers and merchandisers are getting out catalogs in very fine shape which show all the thousands of articles they have for sale. Much of this business is done for cash and the American houses do business on such a scale that the prices induce a large volume of sales.

The fourth way of doing business direct is that of combining with other manufacturers. That is a subject which ought to be discussed, of course, by a man who has studied the Webb-Pomerene Bill. It has been our experience, however, that so far as Latin America is concerned only a few Webb-Pomerene consolidations have been effected. Of the consolidations or cooperative sales organizations with which I am acquainted, the majority are composed of firms which are non-competitive. They will have a complete line of textiles combined with hardware and almost any branch of merchandise, but they really don't come under the Webb-Pomerene Bill. Nevertheless, it is an excellent plan to follow for selling merchandise, whose volume of sale is not quite large enough to warrant going to great individual expense.

Now, speaking mostly to those absent because all you men here are familiar with the export business, I would say that you must get the knowledge of Latin America which is so necessary, get it through organizations which supply it such as the Pan American Union, the Bureau of Foreign and Domestic Commerce, the American Manufacturers Export Association and other bodies. You must determine what plan you are to follow, get a conviction about how you want to do business and then get busy.

The Bureau of Foreign and Domestic Commerce, the Latin American Division, is always at your disposal for any assistance you may want on any specific matters of trade.

THE WEBB LAW, ITS SCOPE AND OPERATION

BY DR. WILLIAM NOTZ, EXPORT DIVISION, FEDERAL TRADE COMMISSION.

(Read at the Afternoon Session of Wednesday, June 4)

In connection with the lively interest displayed by American business men in new situations which have developed in international trade as a result of the world war, the so-called Webb law is receiving a noticeable share of attention.

Excluding all merely temporary, war-time legislation, it is the most important piece of legislation enacted by Congress during the war for the promotion of American export trade. Together with the Federal Reserve Act, and the act authorizing the War Finance Corporation to furnish credits to finance foreign trade, the Webb law represents a noteworthy forward step in the consummation of an American foreign trade policy. Already a literature of considerable volume has grown up on the Webb Act, and one of our large law schools has included a study of this law in one of the courses of its curriculum.

Moreover, interest in the Webb law is not confined exclusively to this country. The provisions of the Act, and its operation, have been the subject of numerous articles in foreign publications. With one or two exceptions, the comments on the law which have appeared in the foreign press have not voiced any unfavorable criticism. On the contrary, the Act has been pointed to as a model statute.

Attention has been called particularly to the fact that the Webb Act represents the first effort involving compulsory registration of trade combinations and a certain degree of control of the activities of such combinations by a Government agency under a special law. A similar plan for government control of cartels and syndicates was advocated at different times in Germany and also in Austria, in connection with official cartel enquêtes in the years 1902 to 1908. In Great Britain this method has apparently strong support in the British Board of Trade. The Committee on Commercial and Industrial Policy After the War, in its final report (London, 1918, pp. 62 and 63), recommended that "it should be a legislative requirement that all international combinations or agreements to which British companies or firms are parties, made for the regulation of the prices of goods or services, or for the delimitation of markets, should be registered at the Board of Trade by the British persons, firms or companies concerned, with a statement of the names of all the parties thereto, and of the general nature and object of the combination or agreements and all adhesions and withdrawals should also be notified."

As to combinations or agreements between British firms, the Committee recommended that it should be optional for the parties to register at the Board of Trade, but that any price or other marketing arrangements or agreements registered should be enforceable at law as between the parties thereto. Lastly, the Committee recommended that the Board of Trade should have power to call upon individual consolidations or combines to furnish such information as it may require.

The newly created Canadian Trade Commission apparently favors new legislation along similar lines regarding the future treatment of combines in Canada, "which shall proceed upon the broad principle that there is an aspect of such movements which requires encouragement, while other aspects require repressive measures."

Both in this country and abroad the Webb law has attracted attention by reason of still another fact. The laws of a number of countries approach the problem of trade combinations with the evident purpose of repressing the excrescences of syndication. They plainly indicate a tendency to restrict the free formation as well as the free operation of syndicates or combines. The Webb law in a way represents a departure from this policy. It is looked upon by many, and this was brought out clearly in the debates and hearings on the Webb bill in Congress, as an indication of a change in our traditional policy concerning trade combinations and their economic utility in so far as export trade is concerned. A similar shifting in governmental attitude towards combinations took place several years ago in connection with the German potash law, followed somewhat later by similar laws elsewhere. The whole movement has received a strong impetus during the war, particularly in the countries economically most highly developed.

Most of the discussions of the Webb law at meetings of trade associations and of various commercial organizations, as well as in the press, confined themselves either to certain legal problems or to the numerous advantages expected to result from use of the powers provided by that act. It is now over a year since the

Webb Act was placed on the statute books of the United States, having been approved April 10, 1918. This is, of course, too short a time to permit of any final conclusions as to the operation of the Act. Nevertheless, a survey of the general working of the Act during the past 15 months, from a legal as well as an economic point of view, may show in how far the expectations of those who advocated the enactment of the present law have been realized up to the present time. In addition to this, certain trends of development can be readily observed which open up a number of interesting new phases in the history of trade combinations, and in a wider sense of international trade. Then, too, an analysis of the form of organization, and of the agreements of export associations purporting to operate under the Webb Act, will prove of interest in several ways.

Under Sec. 5 of the Webb Act every association which at the time when the law was enacted was engaged solely in export trade, as well as every association formed after the passage of the act shall, under penalty of fine for failure to do so within a prescribed time, file certain statements with the Federal Trade Commission. These verified written statements shall set forth the places of business, officers, stockholders or members, and shall include in the case of a corporation a copy of its articles of incorporation and by-laws, and if the association is unincorporated, a copy of its contract of association. Special forms for making this first report are provided by the Federal Trade Commission.

Up to the present time 95 concerns, with well over 800 stockholders or members, have filed statements with the Federal Trade Commission. It appears,¹ however, that among these associations there are a number whose articles of association contemplate the transaction of business other than that of solely exporting to foreign nations, whereas section 2 of the Act exempts from the Sherman law such associations only which are entered into for the sole purpose of engaging in export trade.

Twenty-eight of the associations which purport to be engaged solely in export trade under the Webb law comprise well over 300 stockholders or members. Among the latter, however, are several trade associations, each with a large membership of their own, so that the actual underlying number of individual concerns which appear to be entitled to the benefits of the Act easily aggregates a thousand. The plants operated by the member concerns of these 28 associations number 318, and are distributed over 39 States of the Union.

The diversity of industries in which these export associations have been formed is illustrated by the following list of products which the associations purpose to export to foreign nations: Bunker coal, canned fruit, carbonate of magnesia, chemicals, clothes-pins, condensed milk, copper, doors, elastic and non-elastic webbing, fertilizers, flax, hardware, hides, iron and steel products, laths, locomotives and spare parts thereof, lumber, meats, metal accessories, moldings, office equipment, pharmaceutical blocks of carbonate of magnesia, phosphate rock, pickets, plaster, shingles, skins, silk, soap, staves, tallow, vegetable oils, wool.

In how far have developments subsequent to the passage of the Webb law justified the argument that cooperative selling agencies or associations among American exporters are needed in order that the latter may meet foreign rivals on foreign soil on equal terms? The Federal Trade Commission called attention to foreign combinations competing with American exporters in a special report. Therein it recommended properly safeguarded declaratory legislation, permitting concerted action by American business men in export trade. President Wilson on several occasions emphasized the need of making it possible and legal for our exporters to combine, allowing them "to manage their export business at an advantage instead of a disadvantage as compared with foreign rivals." Likewise, the Committee on Interstate Commerce of the U. S. Senate (64th Congress, 2d Session, Feb. 14, 1917), in its report recommending an amended form of the Webb law for passage, stated as its belief that "it is necessary to permit our business men to form organizations or associations so as to enable them to meet foreign competitors on a more equal footing."

While it is a well-known fact that export combinations existed to a limited extent prior to the war in various foreign countries, nevertheless, it must be said that their number and strength has been frequently exaggerated by over-enthusiastic writers and speakers. As a result of this the importance of foreign export cartels and combinations as competitive factors in international trade before the war came to be somewhat over-estimated in the minds of many, both here and abroad.

¹Federal Trade Commission, Foreign Trade Series No. 1, 1919, page 6.

However, in the world-wide drive for export markets which set in during the war, cooperation in export trade has been advocated and put into actual operation with an ardor and on a scale which easily outdistanced all previous efforts of this kind. The universal tendency towards consolidation, so characteristic of commerce and industry during the war, crystallized itself to a marked extent in the form of combinations for the control of prices and production in domestic market and also in export trade. Where before the war there was a limited number of export combinations, chiefly in Germany, we now find them in large numbers in all the leading countries of the world. In Great Britain their formation is being actively encouraged by the British Board of Trade. The Canadian Trade Commission has strongly recommended cooperation among Canadian manufacturers for export trade. The Japanese Government is fostering the exports of that country by aiding export combinations through subsidies and in other ways. Looking at competitive conditions, then, as they exist in international trade today, the fact cannot be disregarded that organized groups have replaced very largely the individual enterpriser, and that future development seems to tend in the same direction. There is this marked difference, however, that whereas in the absence of any government control more or less secrecy enclouds the organization and operation of foreign export combines, American export associations operating under the Webb Act must comply with specific legal regulations and are subject to a certain supervision by the government so as to safeguard fair competition and high business standards.

Shortly after the Webb law was passed by Congress one or two instances of unfavorable comments appeared in the foreign press, to the effect that under the Webb Act our foreign customers might be made the victims of trust evils, such as wilful restraint of trade and the cornering of markets.

Efforts were made at once by representative American manufacturers to set at rest any misapprehension which might have arisen and apparently no further unfavorable comments on the Webb law have appeared in the press abroad. As stated above, the foreign press and leading spokesmen of foreign governments have on several occasions given evidence of a very favorable attitude towards the Webb law. However, in view of the above-mentioned criticism it may not be amiss to point out certain provisions of the Webb law, as well as other considerations which have a bearing on the subject.

In the first place it is to be noted that section 4 of the Webb Act makes the prohibition against unfair methods of competition and the remedies provided for enforcing that prohibition contained in section 5 of the Federal Trade Commission Act of Sept. 26, 1914, applicable to unfair methods of competition used in export trade against competitors engaged in export trade. Furthermore, section 4 of the Webb law expressly gives extra territorial jurisdiction to the above-mentioned provision of the Federal Trade Commission Act against unfair methods of competition. The law supplementary to the Federal Trade Commission Act, generally known as the "Clayton Law," specifies certain "unfair practices," including certain forms of price discrimination and so-called "tying contracts."

The fact should not be lost sight of that export trade combinations have been formed in all important commercial countries of the world, but that the laws of the United States alone require American associations to register with a government agency which has wide-reaching powers under the Webb Act to check unfair practices of competition. If certain practices on the part of export combinations should grow up which would prove objectionable and would be detrimental to "fair play" in international trade, it would become a matter for international action.¹

Looking at the Webb law from the foreign purchaser's point of view, a number of benefits accruing to them as a result of the operation of that law merit attention. The greater diversity of goods, as well as the increased volume of American manufactures which are likely to flow to over-sea markets in consequence of more American manufacturers engaged solely in export trade participating in export business would seem to involve considerable benefits to customers in foreign lands. Export associations are in a position to pay much better attention to the needs of a foreign market than the average individual exporter, jobber, etc. The saving in over-head expenses, etc., possible under a joint selling arrangement, makes possible a reduction in price. And finally, to mention but one more ad-

¹See article by W. B. Colver, on "Recent Phases of Competition in International Trade," in the *Annals of the Am. Academy of Pol. & Social Science*, May, 1919, pp. 233 fol.

vantage of the Webb law to foreign customers, the facilities for merchandising of well organized and financially sound export associations will stimulate competition in foreign markets.

It may be interesting for you to know that within the week the Federal Trade Commission has ordered issued its first formal complaint under the Webb law. This matter had to do with exportation of American made goods to Mexico, such goods being labeled as though manufactured in a European country.

The law of Mexico against such misbranding will be collaterally upheld by the enforcement of the Webb law and the Federal Trade Commission law against unfair competition.

To sum up, it seems clear that the motive which actuated Congress in passing this law was to promote American export trade along fair and legitimate lines, not to seek an organized advantage. Our leading statesmen, economists, lawyers and business men appear to be in accord that if the letter as well as the spirit of the law is lived up to by associations which operate under it, the Act will be found helpful not only to the business interests of the United States but in a wider sense also to international trade. Its ultimate success or failure will rest very largely on our own business men. If it is to serve selfish interests, as a vehicle for unscrupulous exploitation of either the domestic or the foreign market, or both, the expectations of the high-minded and broad-visioned men who were its sponsors would be shamefully thwarted and foiled. And besides, let us not forget that the Webb Act has teeth in it. Under the terms of that law the United States government declares itself in unmistakable terms as insisting on fair and honorable business methods in export trade, and it now becomes the duty of those who wish to qualify under this law to keep the escutcheon of American honor and integrity stainless and to uphold in the future the enviable reputation which our industrial and commercial pioneers in export trade have established in the past.

It is particularly fortunate for the smooth administration of the law that the Federal bodies exercising supervisory powers over it are sympathetic and earnest in their desire that it be of real value. As reports of associations are to be made to the Federal Trade Commission, we quote the following abstract from a speech by Mr. John Walsh, chief counsel for the commission, at New Orleans, January 13 of this year:

"On account of the interest of the Federal Trade Commission in the development and enactment of the law, it can be assumed that the Federal Trade Commission will administer the powers and authority given it by the law, in sympathetic interest and with liberal interpretation of its provisions, but with a constant aim to justly protect competitive conditions, both at home and abroad."

The above suggests, at least, assurance of a liberal policy in the application of the law.

THE WEBB LAW IN ACTION

BY BENJAMIN CATCHINGS, COUNSEL TO THE EXPORT TRADE DIVISION, FEDERAL
TRADE COMMISSION.

(Read at the Afternoon Session of Wednesday, June 4)

Fellow Conferees:

June weather such as ours today no doubt hastened the signers of our Declaration of Independence into a speedier accomplishment of their immortal act on July 4, 1776. That thought of Independence, liberty and idea of self government has been spreading and bids fair to spread over all creation. If the heat of the weather, the warmth of our fellowship and welcome, and the very important facts laid before us are to lead us into acts which may emancipate our commerce and give its freedom of growth and action, we must carry on without too tedious detail.

Therefore I leave with you a printed memorandum on the "Webb Law in Action" prepared for the Chicago convention in May. One prefers to think of those who may desire to read it as comfortably seated before an electric fan, smoking a good cigar, in the comforts of a private office and nothing much else to do. While I prefer this, yet the paper, if rolled carefully, makes a good cigar lighter, and so I leave it with you to be consumed or absorbed at your option.

What I tried to say in that paper was chiefly this, that every phrase and every paragraph in the Webb Export Trade Act could be improved upon and made more definite, more certain, but if we try to get it amended as to details we may not recognize the law at all when it comes out of the Legislative mill. It is a good law, and broadly speaking, its self-corrective powers should be used to the point of exhaustion before seeking amendments. In other words, if there is doubt as to whether Bunker coal is export coal, the Philippines a territory, or importing a necessary incident of exporting, the provisions of paragraph 2 of section 5 should be set in motion and a definite answer from the Federal Trade Commission obtained.

The provision in this Act, which requires the Commission to summon an export association before it whenever it appears to be violating the law to receive suggestions from the Commission as to how its business should be conducted in order to conform to the law, is unique in anti trust legislation. The Sherman law had no such provision and business has been stumbling around for nearly 30 years in a maze of confusion as to just what acts were legal and what were illegal. Here we have a guiding hand to make the channels and highways of foreign trade definite and certain.

The method of using it is extremely simple. The Export Association habitually draws up a declaration of its business methods and policy. This declaration may state that the methods and acts described have been, are and will continue to be effective, unless, and until the Commission suggests a modification thereof to conform to the law. A copy of this should be sent to the Attorney General with notice of filing with the Commission. This declaration will precipitate action. If no action results then the association could expect the courts and any jury of laymen to turn down any collateral attack.

During the war the Allied governments pooled their buying orders and invited bids on wood screws. The specifications were so large that only the American Screw Co. could bid on the whole. To provide competition one independent mill bid planning to spread the order over the other mills. The order was refused him because his capacity was insufficient. Then the independent screw manufacturers rushed from pillar to post to find some department of the Government who could tell them that they could legally combine for the very purpose, not of destroying competition, but of providing competition on these tremendous buying orders. They found in fact why pillars, posts, stone walls and silence. This shows the difference between an hide bound penal statue and a supervisory, "go as far as you like," but will go with your arrangement if it works out as was planned by the Congress.

Now I wish to get away from the technical down to the practical things that can be done in the export trade. Heavy advertising must be done. To protect this advertising, export manufacturers can pursue a resale price maintenance policy on foreign sales. If they want ships they can build them or cooperate with other export associations in providing them. There is some doubt as to whether an Export association can both send a ship across and bring it back. This can be met by erecting a shipping corporation to operate on a service at cost basis founded for shipping as a university is for education. We are in an age of big things. America is in the foreign trade and she is there to stay. If ocean freights hinder and retard her shipments, then the combined export associations can endow a shipping corporation with funds to write off and operate without charge adequate ships. We can bridge the ocean on the same basis we build a public road. Export associations may agree under the law to figure 2 per cent or more on their export sales as a steady flow of funds to provide transportation facilities. This applies also to terminal warehouses here and abroad and to modern facilities for handling our products. The old football slogan used to be: "Boys, we're going over, around or through, lets go."

Today we can say to our friends abroad "America has gone over, she's there, she's with you today, tomorrow and forever, what's the next job. Lets get at it."

Some of our high brow economists have said that the Webb law was unethical, that America was permitting to be done abroad what she would not permit at home. This cry was expedited on its way by every "hun" in South America and by our other commercial rivals. Certain newspapers in Argentina and Brazil took it up. Let us climb up on the grand stand and look down on the cock pit, the arena of foreign trade, and see how silly and nonsensical this is.

First, I will say that the very papers who published these criticisms buy this paper from a Webb Law Association and prefer to do this because they can get

"what they want when they want it" in better shape and a steady supply than they can from unorganized independents who regard the foreign field the place for only intermittent cultivation Regulation.

A bear, gentlemen, in his wild state is dangerous, but with a ring in his nose and led about by a keeper, he is quite harmless.

The elephant in the field runs amuck, but mounted by a keeper armed with a goad is a useful beast of burden.

A stallion with his fire and go is unsafe when left at large, but under processes of regulation he becomes a mere horse, a beast of burden, and bridled, lives a life of service.

A bull in the arena is met only by skilled matadores, but under regulation becomes a steer under yoke and reins.

So the Government of the United States, by the Webb Law, has not made a difference as to foreign trade, but has said to those Americans who wish to do that they may submit themselves to public regulations, and so long as they follow the guidance of the Federal Trade Commission they may cooperate in foreign trade.

Now by this regulation the American Public is protected, competitors are safeguarded, and it is understood, of course, that if American Combinations abuse their privileges in foreign markets that they will be regulated by the countries in which they do business or else will find their customers then buying from other countries.

In the arena of foreign trade we see large transactions, large buyers, large competitors from other countries and we deal with big business. The foreign buyer will prefer to deal with and would find it to his advantage and the great mass of American Manufacturers through these associations may actually bid for their business.

The combination which goes forth to exploit and hold up the foreign buyer has but a short life ahead of it.

And we believe that by cooperation the American manufacturer will be able to present in foreign markets that same spirit of doing things which the American boys displayed when they were enabled to lead the forces of Liberty and Humanity "over the top" to the everlasting destruction of autocracy on the battlefields of France and Flanders.

SCIENTIFIC PACKING

BY CAPTAIN H. R. MOODY, CHIEF, PACKING SERVICE, UNITED STATES OF AMERICA.

(Read at the Evening Session of Thursday, June 5)

In the past there has been a decided tendency on the part of the American manufacturer to treat the containers used to convey his merchandise as a necessary evil. However, at the present time there are symptoms of a great awakening to the realization that the containers are a very important, if not one of the most important, factors in the proper shipment of goods. This is particularly true of shipments for export, because of the many hazards to which the packages are subjected in overseas shipping. The day when the container was considered a small matter upon which the greatest economy should be practiced, is past and it is rapidly assuming its proper position wherever the question of shipments comes up.

When the United States entered the war, it entered at the same time what was to become the greatest export business that the world has ever seen and it was soon discovered that the great majority of manufacturers had no conception whatever of how goods should be packed for overseas shipment and many weird containers were offered for delivery. If it had not been so near the tragic, it would have been extremely comical. The War Department found it necessary to establish a packing service whose business it was to supervise all packages and containers for army use. The Navy and Marine Corps also established similar services. The duties of these departments covered the scientific treatment of boxes, crates, bales, etc., with all the ramifications pertaining thereto. It was found that the great tendency was to use wood much too thin to stand the strain of hard handling and many failures occurred from this defect. A great deal of difficulty was experienced from improper nailing—the

great tendency being to put too few nails to properly hold the sides, top and bottom of a box to the ends, and also to use too small and light a nail. It was also found that from certain sections of the country, too small pieces of wood were used for the sides, top and bottom, and a very serious fault was the location of the joints of the ends. When this construction occurred and the box was subjected to a violent fall, it was found that the entire box was split in half or at the point where the joints occurred, which caused the failure of the entire container. Another serious defect was the improper application of strapping cases owing to the tendency of the case to shrink away from the iron strapping.

When the importance of proper packing is fully understood by the manufacturers they will undoubtedly establish a section in their shipping departments for the purpose of carefully inspecting and prescribing all packages leaving their plants. Let us for instance, follow an improperly packed shipment from the factory. This shipment is loaded on the cars and a clean bill of lading is received. This to a large extent, relieves the manufacturer of the responsibility of damage to the goods and should the damage occur while in the custody of the railroad company, a claim must be made and the railroad company must settle the damage. The fact is lost sight of that these claims amount to enormous figures at the end of the year, and that ultimately the freight must be assessed to cover these losses. Let us go further and assume that the shipment arrives at the steamship dock in good condition. The steamship company gives a clean bill of lading for the merchandise. Again we are confronted with the possibility of damage on shipboard where any claim must be made against the steamship company and where again we are faced with the fact that these losses must be made good by increased freight rates. This is inevitable and the manufacturers and shippers of goods have to stand the burden of the losses caused by improper packing. When the shipment arrives at the foreign port of entry in good condition, it has still ahead of it the hardest part of the handling—namely the unloading from the ship to the wharf or lighter and from the lighter to the wharf, thence to the custom house stores, from there to a truck, and finally to its destination. If the container is of such quality as to stand all of these hazards, well and good, but unfortunately, except for goods shipped from certain corporations which maintain a large and comprehensive packing service, there is invariably more or less serious damage to the merchandise.

Let us consider the situation in which the foreign merchant is placed. Usually after an expensive campaign of advertising, possibly followed by a still more expensive campaign of personal solicitation, the manufacturer has been successful in securing an order from the foreign merchant. It may be that this is a sample order and the future dealings of the merchant with the American manufacturer depend upon the quality and condition in which this sample order is delivered. Furthermore, the merchant is anxious to have these goods delivered so that he may place them on sale within a reasonable length of time. The packages are delivered and upon examination it is found that owing to faulty packing, more or less damage (unfortunately it is generally more) has occurred to the merchandise. This sets up an immediate prejudice in the mind of the merchant because he is prevented from placing these goods on sale and because of the necessity of making a claim for the damage. It also instills in his mind the conviction that when he needs similar goods in a hurry for some particular order or sale, he cannot depend upon the American manufacturer to deliver the goods to him in salable condition.

Take for instance the case of a local merchant—if he purchases goods from a wholesale house and they are delivered to him in a damaged condition, he is put to a great deal of annoyance and incidentally loss, even if the claim is settled in full, and his attitude is more or less hostile to the house that permits carelessness in its methods of delivery. This applies to the foreign merchant, only to a larger degree, because he has been in the habit of purchasing a great deal of his merchandise from European manufacturers who pay close attention to the details of packing and delivery.

The old saying that a chain is no stronger than its weakest link is particularly applicable to this situation, for it makes no difference how much quality is put into goods or how attractive the merchandise may be, if it is delivered in a damaged condition, it is unsalable, and it is easily seen that the weak link

in the chain of our overseas shipments at the present time is carelessness in packing. This has been confirmed by practically the unanimous opinion of our foreign trade commissioners and commercial agents all over the world. The American manufacturers have been scolded for years for this defect but no constructive criticism has been offered, and it is the object of this talk to place before the manufacturers of this country practical suggestions for the betterment of their packing methods and to insure to a larger degree the security of their goods for both local and foreign delivery.

There is one very important factor connected with the proper packing of goods for export and that is the saving of tonnage space. This is particularly applicable to goods that are bulky rather than heavy and where the steamship company, exercising what is known as "ships option," assesses the freight by cubic measurement or cubic ton—namely, 40 cubic feet. A very startling instance of this occurred during the Summer of 1918, when in the course of the shipment of army supplies an order was placed for 26,000 rolling kitchens. These were of vital importance to the fighting units of the army as they were used for the supply of food to the front line forces. The design of a crate was submitted by the manufacturers of these kitchens for the approval of the packing service of the War Department. After careful consideration this design was re-drawn and it was found that by scientific treatment of the crate, whereby the contents were condensed and the ultimate amount of waste space on the interior of the crate was eliminated, a saving of 22,500 cubic tons was effected, on this shipment of kitchens alone. It is fully appreciated that this is an enormous shipment and that the figures of saving are very large, at the same time it shows nearly a cubic ton per crate, or 40 cubic feet. This is certainly worth while from the standpoint of economy in the shipment of goods to our foreign customers.

The statement has been made to the writer on several occasions that the foreign merchant has to pay the freight so the question of the saving of tonnage space and the effecting of economical methods is not of interest to the American merchant. This would appear to be a very foolish statement—short-sighted viewpoint when it is realized that the merchandise must stand all of the costs and charges. If there is no consideration given to economy on freight rates, when the goods arrive and the costs and charges are loaded on to the merchandise, the selling price of our merchandise when placed in competition with goods that are economically packed, must necessarily be higher than the competitive goods. So even if the first cost of our merchandise is smaller, if we do not pack and ship economically, we have destroyed our advantage. This has been proved to be a very important factor and has led to the loss of a great deal of trade. The attention of the American manufacturer is earnestly invited to the serious consideration of all methods that will tend to economical packing with the idea of condensing the package to the smallest possible size.

There are several important points to be considered in the matter of the proper packing of goods for overseas shipments. These are divided into several sub-divisions. For instance, in the use of boxes as containers, great care should be taken to see that the proper wood is used so that the container will transport the goods safely. The Department of Agriculture has issued a bulletin showing the comparative values of various woods that may be easily procured by shippers for manufacture into cases.

The second point is the proper nailing of the box. A great deal of difficulty has been experienced by the War Department in cases tendered for delivery, where the nailing was entirely insufficient, both as to the size of nails and the number used to fasten the case. In a large number of cases, no side nailing was attempted, that is, the top and bottom were not nailed to the sides. This should always be done where the thickness of the sides is sufficient to receive the nail, as it tends to make a firm, rigid package and prevents the top and bottom from springing and loosening the nails which hold them to the ends. Another point that the War Department has insisted upon has been the use of nothing but cement coated nails, as it has been found from experiment that cement coated nails have a very much greater holding power than the ordinary box nail (approximately 60 per cent.).

Another point is the question of proper strapping. The War Department has insisted that all cases going overseas shall be strapped, but to devise a thor-

oughly efficient means of strapping has been one of the greatest problems of the Packing Service, because it was found in using flat strapping, and nailing it around the ends and over the sides, top and bottom, that the natural shrinkage of the wood caused these straps to festoon and destroy the purpose of the straps. The difficulty in using the nailless strap or wire strap has been the inability to set up enough tension on the metal to bite the strap into the wood so as to offset the shrinkage; for when shrinkage occurs with the nailless strap or wire that is not properly sunk into the wood, the straps loosen and eventually fall off the box. Another fault with this last mentioned system was the tendency to place all straps at different angles on the box. A means has been devised particularly in the case of the wire strap, to place the wire at right angles to the ends of the box and to apply a proper tension. A new device has also been perfected for tying a knot with this wire. This is tied in a form similar to the linesmen knot used on telegraph wires and when properly applied makes as perfect a binding as can be procured.

Experiments have been carried on with the idea of recommending that a third strap or wire be used on all overseas shipments and this method has been found to be very satisfactory. It is now recommended that two straps be bound around the sides, top and bottom, close to the ends and a third strap lengthwise of the case binding the ends to the top and bottom. This tends to make a very much more rigid and compact package than the old system of depending upon only two straps, and the extra cost is very small.

The Packing Service has paid close attention to the interior packing of all containers, and has insisted that the goods packed in cases or boxes should have the minimum amount of play on the interior of the case. About one-eighth inch is all that is necessary to allow for the shrinkage of the cases, and cases that are not packed in this manner are subject to serious damage to the contents. The use of thin veneered boxes, bound together with wire or in some similar manner, has been found very unsatisfactory, except in the case of small boxes carrying light weights. It is the opinion of the writer that these cases should not be used except in packages not to exceed 35 pounds.

In ordinary packing boxes, the wire system of strapping greatly reduces the liability of pilferage as knots can only be made with a patented machine and the wire cannot be removed, without cutting, nor be replaced without the use of this machine. As these machines are all numbered and registered, it is a very difficult matter to open the case and reseal it. The question of pilferage is a very serious one, and I have made a number of experiments toward perfecting as far as possible, a preventive against this evil and believe that in the very near future, we shall be able to ship packages with a greatly reduced chance of the loss of any of the contents.

In the matter of crates, a great deal of care should be taken to see that the bracing is properly applied. A great many manufacturers build the frame of the crate in a strong substantial manner, but overlook the very important item of cross bracing, which is the binder that holds the fabric together. In applying diagonal cross braces, they should always be fastened not only to the top member of the crate, but cut so as to fit and be fastened to the upright member. This will help distribute the strain should the crate be subjected to a fall or violent blow. Another point in crate building is the application of what is known as the three-way corner, that is the fastening of the horizontal and upright members so that they will be nailed three ways instead of two.

In crating heavy machinery, skids should always be used under the sides of the crates. The Army specifications provide that the centre of gravity of the crate and its contents shall be marked with a white line and the skids notched equally distant from this line, so that when the sling lines are put under the crate they will fit in the notches and when the crate is lifted, it will always ride on an even keel, obviating the possibility of slipping out of the slings and greatly decreasing the chance of striking a corner on the hatch-combing or edge of the dock.

One of the most important features taken up by the Packing Service was the item of space saving, and methods of economy were devised and applied to nearly all goods passing through this branch of the war work. Sometimes only an inch to a box was saved, but more often, particularly in large cases, the saving ran from a cubic foot to the base, up to forty and forty-five cubic feet.

Many machines are packed today completely set up. These could be partly dis-assembled and a saving of from forty to fifty cubic feet, according to the size of the crate or box, could be effected, without in any way impairing the salability at the point of destination. This point is strongly commended to your attention as the Packing Service has spent a great deal of time, and is of the firm opinion that thousands of tons of ship space can be saved if the manufacturer will pay attention to this point.

In the matter of the proper packing of goods for export, I think that the case can be summed up in a very few words. If the manufacturer receiving the order from the foreign customer will invariably follow to the letter, the customer's instructions which always accompany the order, a great deal of difficulty experienced in the past, will be obviated. In other words, pack the goods the way the customer wants them packed, for you may rest assured that when he specifies the system of packing which may be unknown to you, he has some good reason for so doing, and he certainly has the right to expect that you will follow his instructions in packing as closely as you will his instructions in preparing the goods contained in the package.

A very great improvement in packing over that which existed two years ago is noticeable and we feel that the manufacturer is anxious to take advantage of every means possible to procure the right package. To prove that it pays, I would like to add that up to the time that I was relieved as Chief of the Packing Service Branch it has been estimated that this Packing Service which is a very small unit of the army organization, had saved for the Government between 400 and 500 million dollars by proper packing and space saving. As to details, I shall be very glad to cooperate with manufacturers in this important matter at any time.

No more startling economy was effected than in the matter of the baling of all equipage supplies—the system which was worked out in the Baling Plant at Brooklyn. This baling method showed a saving of approximately 100 million dollars over the old method of boxing.

Does it not seem as though we were cheating a customer just as much by neglecting his packing as by not putting into the package what he has ordered and paid for? Let us build our commercial fabric on the same firm foundation that our Government is built upon and keep the faith with our foreign customers by giving them a square deal in packing.

COMMERCIAL INTEGRITY IN LATIN AMERICA

By FRANCIS B. PURDIE, R. G. DUN AND COMPANY, NEW YORK.

(Read at the Evening Session of Wednesday, June 4)

• Delegates must have noted that the thought uppermost in the minds of the principal speakers before this convention has been that the relations between the peoples of South America and the United States of North America must be established on a basis conceding equally of rights before there can be that interchange of commodities which, carried along to the extent which we all appear to be hoping for, will eventuate in such a community of interests as will be of great and lasting profit to all the Republics in this hemisphere. I refer you particularly to the addresses made by Messrs. Redfield, Hurley, Gondra, Rojo, Vanderlip, Schwab, Villanueva and others.

It is useless to deny that there was a time, not very far distant, when Latin America was considered by us as a field for exploitation. Such ideas as equality of rights, community of interests, and equal opportunities were not apparently meant to apply to the peoples of the countries south of us. There may be a few United States concerns today who will try to do business in the old way, but they are passing from the field; their day is practically over.

We need Latin American trade and the products of Latin America quite as much as they need our trade and our products, and we have learned here from the lips of some of our greatest industrial leaders and financiers that full recognition of this has at last come, and we can now go to work together. Latins and Anglo-Saxons, if I may for simplification so term our people, and build up

trade until we create that condition where both North and South America become an economic unit which is, as I believe, the condition which should exist.

It is a curious fact that the manufacturers of the United States have adopted a different method of procedure when pushing sales in Latin American countries, than has been their custom, and is their custom, at home. There are exceptions, of course, but I am speaking generally. In the United States it is not true that although the manufacturer sells to the jobber or to the retail merchant, he has almost invariably, and all the time, the ultimate consumer in his mind. You have only to read the advertising matter in the newspapers and magazines, to be convinced of the truth of what I say. If it is any article that is to be used or consumed by the individual citizen, man, woman or child, the individual is appealed to. His or her needs are studied, and in this way is created the demand which produces the sales, to the dealers.

Are we doing this in Latin America? To a very, very large extent we are not. The people themselves are not being studied. Our manufacturers approach the importers, and when assured of their financial ability to meet obligations, the appeal is made to them, and all the arguments are addressed to them, instead of, as we do at home, to those for whose use or consumption the article is intended.

Why is this? It is, I think, largely because we have not taken the trouble to study the peoples of Latin America and have not bothered our heads very much to ascertain what their individual needs may be. We think, apparently, that we can leave that question to the merchants down there who have been catering to their wants for generations, forgetting, meanwhile, that, as a whole, the people are in ignorance of what we can supply them that may better suit their needs and add more to their comfort and happiness than they have deemed possible. I think I may have said sufficient to indicate to United States manufacturers that it is "up to them" to think of the trade of Latin America as they think of the trade at home, and to create demand where it does not now exist, by practically the same methods as they employ at home.

May I say a few words on a subject which has not been fully understood, and, which, from my own experience, has been too frequently slighted even when attempts have been made to explain it. I refer to commercial integrity, or honor, as the Latins more frequently term it. You will readily understand that in my business, the moral risk of the subject we investigate, is of more consequence than the financial. That is true here at home, where we have had expressions from the greatest financial authority of our generation, I refer to the late Mr. J. Pierpont Morgan, that, in his estimation, the moral side of a risk was of the first importance. He is even credited with having said that he would risk more on moral character than he would on financial strength. This is infinitely more true in Latin America than it is with us, for there is a code of honor down there, and when I say a code of honor, you must understand me as saying that it is a code and not an incidental thing.

A few of us who have taken the trouble to study the Latin Americans understand this, but, as a rule, according to my observation, it is not understood, and as I consider it of the first importance, I would beg of you to try to understand it. It will more often than not, give you ease of mind and it will greatly facilitate your commercial intercourse, even if you do not follow up the intercourse on the social side, where it is absolutely necessary that you comprehend the code.

Without entering into the subject at length, I will say that the majority of the Latin American peoples are descended from races which inhabited their continent before the European knew that it existed. I mean civilized races, and you know that the distinctions in civilization are questions largely of environment. Even the terms barbarious and civilized are not absolute terms, they are relative, and again are questions of environment. Those of us who have studied the early American civilization know that they had reached a marvelous development, particularly when you consider their isolation from the rest of the World, and one of the most striking features of the civilized state was the regard in which the spoken word or promise was held. A pledge made was sacredly carried out, and we have every evidence that this faith in verbal contracts has been transmitted down through the generations to the living descendants of the old civilized peoples.

Spanish honor is proverbial; under most conditions of life, it is taken for granted. No matter how we commercially minded moderns may differ in our

opinions of the Spaniard, we are at one, either consciously or sub-consciously, in granting that the World has been justified in holding to the belief that Spanish Honor does exist as a living thing and has its highest exemplification in the Spaniard's regard for his spoken pledge. Well then, if with the blood of the ancient people has been infused the blood of the Spaniard, have we not the right to expect a greater degree of safety in our dealings with this combination than we have any historic justification for expecting among any other people. I think we have. And these are the two points I wish to make clear in order to help you to a surer way of cementing relations of business and friendship. Study the wants of the people themselves, study their history and know with whom you are dealing.

DIRECT SALES

BY CHARLES B. WILLIAMS, UNDERWOOD TYPEWRITER COMPANY, NEW YORK, N. Y.

My remarks on this subject can only be general inasmuch as the manufacturer will have to determine his own method of propaganda and sales. As a general proposition we should select high-grade representatives with a knowledge of both Spanish and Portuguese; this representative must have a thorough technical knowledge of the article he is presenting and should, if possible, be a man who has actually lived in and gained his experience from those countries, and on the theory that both the manufacturer and his product are unknown in that market, the personality of this representative must be such as to inspire confidence. I believe that the initial work of getting a product started in the Latin Americas should be done by a man on whose judgment we can rely in every way, necessarily one of tact and *real* willingness and desire to give to the trade there just what they require; he should be a high-salaried man, because when sending out representatives working on a purely commission basis there is always the tendency for them to overstock the purchaser or, possibly, not making a connection with a firm which would ultimately prove highly satisfactory, because of the fact that some other firm for the moment might be induced to place a larger order. We must not overlook the fact that the Latin American merchant has been purchasing goods for a great many years, largely European, and when we go after those markets we have to show him that our proposition is clean-cut and of positive value. The representatives of competitive European firms will naturally take part in thoroughly digesting our propositions.

Now, suppose that we do not have available a man who has the qualifications I have just enumerated, or that he does not have a knowledge of Spanish or Portuguese! Send him down there anyway so that he can get first-hand information on the requirements of the market; let him make sure of the ultimate desirability of the firms with whom he does his first business and then when he returns here foster that account and give it the assistance of a representative who knows local conditions of the country down there and speaks the language, but not necessarily English. I cannot impress upon you too strongly the importance of sending to do the initial work men on whose judgment you can absolutely rely and do not expect to get into that market without risking the expense of sending a good high-grade man. Only recently I was approached by a group of bankers on the Pacific Coast who told me they were contemplating sending a man to Central and South America for the purpose of extending the business of their clients; I asked them what salaried man they contemplated sending; the reply was "a \$3,000 man." The position I took with them was that a \$3,000 man would in turn get in touch with \$3,000 men down there, but if they wanted to make a success they would find a \$10,000 man would be much the cheaper. The Latin American merchant is shrewd and he is reliable, as is evidenced by the failures in comparison with those of our own country; you cannot expect to break him away from products which have made his business a success unless you give him a tangible benefit; I neither believe in his prejudice against American goods nor his unselfish desire to purchase American goods; price, quality and reliability are what will appeal to him but these must be presented in the same businesslike way that we would go about it to sell a first-class concern here in the United States; it is not an office boy's job, and if you send office boys down there in an attempt to get business you will find that his Latin brother has just as many aunts, cousins and grandmothers dying

with the attendant necessity of going to the funeral as ours here; he will also find his brother Latin American equally skilled in all his games and with pockets as capable and bulging as ours here, and just as frequently going home with the bacon as our boys here; in time they graduate from office boys and go on up the ladder until we find them successful and shrewd businessmen just like we have here but it would be naturally very unsatisfactory for the manufacturer to await this period of evolution in order to get his goods before the market.

SHOULD WE MAKE GOODS "TO SUIT" THE LATIN AMERICAN MARKET?

BY WALTER C. KRETZ, OF JOHN A. ROEBLING'S SONS COMPANY, NEW YORK.

(Read at the Morning Session, Friday, June 6)

Several of our Latin American friends have raised the point in their speeches that American manufacturers, to gain a hold on South and Central American trade, must supply merchandise exactly as the buyer demands it, and they have let it be inferred that substitutes are offered for no very good reason, and merely due to lack of a desire to be accommodating.

Now I should like to state the manufacturers side of the case, and these words are addressed specifically to the representatives of the Southern Republics who may be here.

Let me ask in the first place just exactly what is meant by the request that we must make goods to suit "the market." Perhaps the best way to drive home the point of this question is by means of a specific example. I shall select a simple article, namely, insulated wire, which, as you all know, is used to carry electric current, and the market which I shall chose is Chile. What are the conditions there? These:

In Iquique, American sizes and types are standard; in Santiago and Valparaiso, German sizes and types are standard; and in Talcahuano, British sizes and types are standard. These are all different. Will somebody kindly tell me what the "Chilean" market demands?

The answer to this might be, that we should make all three kinds, and ship to each locality what they are accustomed to.

The question then arises, can we do this? Yes, we can, but the party who would lose by it is the buyer.

If you will glance at the map in this room, you will see that the total imports into all Latin America are only slightly more than one-third of the total imports into the United States, which means that they are quite small in comparison with the total value of merchandise actually manufactured and consumed in the United States. Even if then our manufacturers should succeed in garnering the entire South American import trade, this would take a small portion of their production. The greater part of their product is made to suit the American market, and all tools, patterns, dies, jigs, etc. are designed to turn out this product cheaply and efficiently. In a great many cases these tools cannot be used to make anything but our standard material.

To return to our example: It would require new wire-drawing dies and various other changes in machinery, to make sizes and types different from our own, and if we did it, and sent imitation British wire to Talcahuano, and imitation German wire to Santiago, what would the buyer gain? Absolutely nothing, for these other types are not one bit safer or better than American wire, and the German is, in fact, not as good. Besides which, these imitations are bound to cost more than our standard material, for the new tools, and the extra trouble must be paid for.

And what is true of insulated wire is equally true of wearing apparel and machinery, and drugs and any number of other articles.

The fact of the matter is that the Latin American markets have as standards those articles which happen to have been first imported; if they came from England, then British standards are accepted, and if they came from Germany, then that type is right, and if they came from the United States, then our goods suit.

Now I ask, is this blind adherence to "what father used" progressive? Must shoes always have a long narrow toe because that is the Spanish or the French last? Can we not walk just as well in a different shape, and do we not

gain something if we can buy that other shape made out of equally good leather, at a cheaper price?

And that is why we North American manufacturers try to induce the Latin Americans to accept goods as we make them for our own people in large quantities—because we know that our goods, when once tried, give satisfaction, and because we can sell them cheaper than imitations of what are often inferior articles. We realize full well that in the beginning the merchant finds little difficulty in introducing new types to his customers, but we believe that this difficulty is more apparent than real and that the effort devoted to such educational work will find its reward in the ultimately greater satisfaction of the consumer.

PRICE FIXING AS A FACTOR IN EXPORT TRADE TO LATIN AMERICA

BY LANGWORTHY MARCHANT, EXPERT ON BRAZIL AND PORTUGUESE TRANSLATOR OF
THE PAN AMERICAN UNION.

The question of price is too important a one to be overlooked by manufacturers engaged in trading with Latin America. By the term price in this connection I mean, not the net price at which goods leave the plant, but the net price with all additions accumulated during the journey to the foreign buyer.

It seems to be established at the present time that European manufacturers will not be able for a long time to come to supply the Latin American countries with goods at the comparatively low prices at which they did so before the war. They will be prevented by the increased cost of living and wages, as well as by a deficiency of raw material and the generally disorganized conditions of their industries. There is therefore an outlook for a period of parity between the cost of manufacturing in the United States and Europe, and consequently a greater facility on the part of American manufacturers to compete on equal terms in the markets of Latin America. It is observed, however, that this equilibration applies to the trades of the two sources considered in the whole. It is clear that on either side individual manufacturers may be able, through special efficiency, to land their output in Latin America at a lower figure than others who may be less efficient—may not command the same sources of raw material or whose management may be less economical. Consequently there is always room for competition in the market, both among manufacturers on one side or between those on different sides of the Atlantic.

I do not wish to minimize the importance of other factors in the trade with Latin America, such as advertising methods, credit system and the manner of dealing which the manufacturer pursues with regard to his Latin American customer. All these things are immensely important, much more so than they are in relations of a manufacturer with his domestic buyers. But the fundamental questions which have so long obstructed the free expansion of American export trade are now in a fair way to a satisfactory adjustment. For instance, in the manner of financing shipments, manufacturers are now able, through the aid of the National Banks, the War Finance Corporation, and other general agencies, to avail themselves of great facilities in the working out of a credit system which frees them from the embarrassment which hindered their movements in the past. A great deal of progress is also being made by manufacturers in the acquisition of experience regarding appropriate methods of advertising and approaching Latin American customers. With the clearing away of these and other difficulties, the question of prices stands out more prominently in the problem. It has not become more important in the absolute, but it has increased in relative importance, and is destined to exert a great deal of influence in determining the success of manufacturers in the Latin American field.

Up to the outbreak of the war in Europe such American goods as found a market in Latin America did so on the strength of their intrinsic merits. They were articles of a superior order, which had not been produced elsewhere in exactly the same kind or quality. Consequently they stood in the market as privileged goods, and their manufacturers enjoyed a corresponding degree of freedom in fixing their price, being governed only by considerations of margin

between cost and net price, and of the paying capacity of the Latin American market. In other lines of goods, however, such as could be produced in Europe of as good a quality as in the United States, American industries were represented but sparingly and in many cases not at all. The prime reason of this is clearly that American manufacturers could not compete with the lower cost of production in Europe except by appealing to the argument of superior quality for their own products. It is true that American manufacturers had not made any particular efforts to engage the Latin American, or any other foreign market, being content with the trade afforded by the home consumption; but this circumstance is in reality included in the statement, since, if the foreign markets had afforded scope for profit, American manufacturers would, in obedience to a natural law, have adapted themselves of such conditions, developing the necessary efficiency in order to secure the corresponding advantages.

In these general lines the only competition upon which Europeans had to count, except as among themselves, was that of the rising industries of the Latin American countries. These native industries have now attained some degree of development, chiefly in Mexico, Brazil and Chile. But whatever progress they have shown is due in a great measure to the tariff regime instituted to protect them. Prior to the outbreak of the war these high duties acted chiefly as a curb on imports from Europe. They affected American imports in a lesser degree, for the same reason which enabled them to resist the conditions of the lower cost price of the European article—that is, owing to their superior quality and the corresponding prestige which they held in the mind of the Latin American public.

At the present time, with the exception of a few American articles which are favored in the tariff law of Brazil, European and American producers stand on about the same footing with regard to the native competition of Latin American countries.

It is well to notice in this matter of native industries that not all of them utilize native raw materials. Under the protection of the law some industries flourish which do not utilize raw material at all, but partly finished products imported from other parts of the world including the United States. This condition of course affords an opportunity to American manufacturers of partly finished materials and machines utilized by these native industries. On the other hand it may be remarked that these native plants are not as a rule prepared to turn out the highest grade of products. They are calculated to satisfy the wants of the poorer classes and some of those of the better classes, who cannot always, but sometimes can and do, afford the luxury of the imported article.

In some lines it may be convenient for American manufacturers to produce high class articles and price them accordingly, just as was the case before the war. This, however, can no longer constitute a general policy, for it would curtail American trade without affording any compensating advantages. The higher price obtained in the limited trade would not balance the returns obtained from a large volume of trade in cheaper lines. What I mean is that manufacturers should get rid of the idea they must send to Latin America only the highest grade of their output. On the contrary it is best for all parties concerned for them to supply the Latin American importers with several grades, just as they do with regard to the home market. It is well to remember that in the Latin American markets, as in any other market, for that matter, the consumer often finds it convenient to buy an article which he knows to be of middling grade, because he cannot afford to pay the higher price demanded for the better one. In doing this it is his object to save money at the expense of durability while looking after the appearance, and he pays the lower price well aware that his purchase will not last so long as the article left on the shelf, but that while it does last it will serve his purpose equally well. Please note that I am not advocating anything like the wholesale dumping into the Latin American markets of a mass of half worthless stuff such as made up a considerable portion of the trade of the Germans before the war. I do not recommend anything tending to bring discredit on the American industry by the flooding of the Latin American markets with inferior American goods. In fact everything you ship should be of a quality which you need not be ashamed to recommend. What I suggest is only that you send out a series of grades just as you do for the home market in order to consult the limitations of the consumer's purse, and thus avoid forcing him to supply himself elsewhere with goods which may possibly please him less than yours. With such an arrangement of grades the manufacturers can construct a corresponding scale of prices which will

enable him to secure a large amount of trade lying between the limits of qualities and grades supplied by competitors of all sorts.

From what has been said it can be seen that American industries as a whole have now before them in Latin America an infinite variety of opportunities, of which they will avail themselves or not according to their willingness to adapt themselves to conditions as indexed by the prices of competing concerns. Here is room for each manufacturer to study the prices as he finds them in the market which he proposes to enter, and scale his own prices so as to consult, better than his competitors, the multiple requirements of his customers, bearing in mind that American goods will bring higher prices than the native articles of the same class, but that the difference must lie within the bounds of the customer's budget.

As was said a moment ago, in all the present considerations, reference is had to the price of the goods as they reach the importer, that is including c. i. f. rates and duties. The adjustment of quotations to the consumers is a matter pertaining to the local market. It stands, however, on the basis of the average prices which the general body of wholesalers pay for their stock.

The question now presents itself: Is it possible for a manufacturer, say at Dayton, Ohio, to control the price at which a shipment of his goods will reach an importer in Rio de Janeiro? Not in the absolute, since the problem rests in part on conditions over which he has no dominion; on general economic conditions in this country and in the world at large governing the cost of labor, raw material, transportation, insurance, customs, duties, etc. In a relative sense he can, owing to the choice it is in his power to make of the agencies employed in carrying on his trade. It is clear that if a manufacturer does his advertising and carries on his dealings with his Latin American customers through representatives who are bound by stipulations as to price; employs express and forwarding agencies whose functions are confined to this capacity, or does his own forwarding, he will be in a position to control his outlay for c. i. f. rates and at the same time protect the importer as regard proper classification of the goods in the Rio custom house by attending directly to the packing and invoicing. If, however, he should deal through export commission houses—excellent institutions in their way, and often convenient and necessary—he cannot exert any control on any one of the conditions which govern the price at which the goods will reach the importer excepting of course the net price at which they leave the plant, or at most the f. o. b. Neither can he do so if he does his selling through local dealers to whom he has granted an agency with exclusive territory unless, of course, he has made some very stringent stipulations with the latter in the matter of price limits. This is true in general terms in dealing through local buying agents. In this regard the conditions are in a manner the same as those obtaining when the trade is carried on through export commission houses. The manufacturer is necessarily placed in the background, not being able to govern his trade in the matter of prices any more than he is able to come in direct touch with his customers, popularize his name and brands and stabilize his position in the market.

Besides these elements of price-fixing, which depend more or less on the manufacturer and the way in which he goes about laying his plans of merchandising, there are others of a more general nature which depend for their solution rather on organized action than individual effort. These include matters of shipping, importation of raw material and foodstuffs and a number of complex subjects of special discussion in other parts of the program of this Conference, and need not be dwelt upon within the limits of this paper.

From the premises outlined above, we are able to draw the following conclusions:

The question of price assumes more importance at the present time owing to the approaching adjustment of other questions which have embarrassed manufacturers in the past.

American manufacturers enjoy opportunities to supply an infinite variety of lines and grades, provided they conform with the price conditions obtaining in the Latin American markets.

The best method by which a manufacturer can control his price to importers is doing his own exporting, and dealing with his customers through representatives bound by stipulations or through branch houses of his own.

LATIN AMERICAN HETEROGENEITY IN ITS RELATION TO TRADE

BY C. GRAND PIERRE, MANAGER TRADE DEVELOPMENT WORK, F. C. LUTHI & CO., INC.,
NEW YORK CITY.

"Se connaitre, c'est s'aimer"—(To know one another is to love one another.)

This is an unusual beginning for a speech on business, yet the Honorable Minister of Haiti, Mr. Charles Moravia, quite rightly expressed the thought that knowledge creates sympathy—sympathy breeds interest—interest stimulates study—and study is one of the essential elements of successful commerce.

The wonderful papers we have heard and the discussions we have enjoyed have manifested an intense desire on the side of all members of the Conference to learn. Yet they have disclosed the fact that the majority of the North American delegates are as yet ignorant of many things, the knowledge of which is essential if we want not only to bring about, but maintain, the intimacy of Pan American commercial relations of which we are dreaming and which we all desire so much and the realization of which the Pan American Union has been working for so many years.

One of the most common mistakes of North America exporters is to consider "Latin America" as a unit—as one single field or market; in fact, there is probably no large part of the world or no continent composed of as many heterogeneous elements, whether we look upon that continent from a geographic, ethnic or a commercial point of view.

From a distance this "Latin America" may seem to us sufficiently alike in all of its parts to appear as a unit; however, as soon as we near one of its sides we soon discover that there is between Latin Americans as great differences as between Europeans from the North and from the South.

Let us first look at the racial composition of Latin America. Beginning at the southernmost end of the continent we first find the pure blood Indians of Tierra del Fuego, then white oasis in the Province of Magellan of Chili, and then again vast territories sparsely populated with pure blood Patagonian Indians, and a smattering of pure whites.

The rest of Argentina and Uruguay is practically pure white, and the white population of both of these countries, although of Spanish civilization and speaking the Spanish language, is at least three-fourths of non-Spanish blood, of recent immigration.

Crossing the Andes into Chile we find a large proportion of Indian and mixed blood, and a very much smaller proportion of recent white immigration, but a larger percentage of *old* non-Spanish immigration, mainly Irish, English and German, which has already been thoroughly assimilated for three or more generations.

These differences of racial origin, much more than the differences of climatic conditions, account for the vastly different character of the population of these three countries, and for the difference in their business methods.

Paraguay is an entity by itself. Besides a small number of pure whites and Indians, the majority is of mixed blood, which has already been so thoroughly amalgamated that the Paraguayans can hardly be called "meztizos," but indeed have become a race by itself.

Bolivia occupies a unique ethnic position in the Southern hemisphere; the majority of the population of the Highlands and of the Northwest slope of the Andes is of almost pure Indian blood; on the other hand, that of the Southeast territories is almost pure white.

Unlike in Peru and Brazil, for instance, the upper class of Bolivians counts among its most influential members a considerable number of pure blood Indians, who in culture do not in any way stand second to their white co-citizens. The majority of the population of Peru is of mixed and Indian blood, but there we find what our patrician American Southerner would call "poor white trash," and a somewhat numerous, yet highly cultured, pure white patrician class, almost aristocratic, which has not forgotten the royal grandeur of Peruvian vice-regal types.

It is impossible to speak of Brazil as of an ethnic entity. Its three Southern States are pure white, or nearly so, with a strong recent immigration, mainly German. Sao Paulo is also white, but about half of its population is of recent Italian origin.

The farther North we travel in Brazil, the darker becomes the skin of the population, until we reach almost pure Indian or negro blood, with only a sprinkling of highly cultured white in the cities.

The populations of Colombia and Venezuela have a strong admixture of negro blood in the Atlantic Coast regions, but in inland provinces there is very much less of an admixture of Indian and white blood than in other Latin American countries.

Costa Rica and Salvador are populated mostly by whites; the other countries of Central America have considerable Indian and mixed populations and an increasing influx of African blood in the Gulf Coast regions.

As we all know, Haiti is almost pure black and of French civilization, while Santo Domingo is mainly mulatto, with a strong remaining strain of Carib blood, and of Spanish language and civilization.

An interesting fact about South American Indians is that those in the Southern part of the continent have fairly pale skins, while those in some parts of Colombia are black-skinned, even darker than most negroes. They are, however, Indians, not Africans.

Another interesting fact is that the San Blas Indian, of Panama, is, according to ethnologists, probably the purest race of men on earth.

With such important ethnic differences in the various parts of South America one can easily understand that there are no similar tastes and needs, but that also business ethics and methods are different. The failure of many American exporters, who circularize indiscriminately everybody everywhere alike in countries South of the Rio Grande, is very often due to ignorance of these facts.

But the historical differences are even greater than are the ethnical differences. For instance, the Spaniards found in Peru and Bolivia are peaceful races of natives who did not even know how to defend themselves against a handful of invaders. Part of the present Peru became a vice-regal seat of Spanish power in South America, and soon vied with Spain itself in splendor and luxurious living, indolence and aristocratic right.

Further South the Spaniards met the war-like Mapuches and Aracanian Indians and had to fight practically every foot of their way South. In the pampas of Argentina the Spaniards found very few Indians and were able from the beginning to indulge in a peaceful pastoral living.

Gentlemen, if you will bear in mind these great historical differences, you will understand the widely different character traits of these three named divisions of Spanish-American civilization. Minor historical facts explain also more or less known characteristics of the white population in certain parts of South America.

For instance, at the time of the buccaneers, the more cultured Spaniards in Gulf Coast territories endeavored to escape the constant strifes. After the Spanish Main large groups of them emigrated inland and endeavored to avoid these in the vastnesses of Colombia and Venezuela. This is why one finds most Spanish culture in out-of-the-way places, such as Corpayah, Bogota, Caracas, etc., and parallel with them business methods and business ethics vary very much from those of Buenos Aires and Valparaiso.

Political differences are also very great. Uruguay, for instance, has had two administrations and congresses, in majority socialistic. The present administration of Argentina, while not socialistic, is known to have unusually progressive tendencies.

After a series of autocratic governments, first of the Society of Jesus, then Blanco "El Supremo," and the Lopez, Paraguayans gave themselves a wonderfully democratic constitution, but at the same time a period of revolutionary troubles until they finally settled to what is practically the first attempt at a national commission form of government. The Chilean political instability was ended by fair play in politics by an unwritten law of a fair representation of all minorities.

In Bolivia the majority of the pure blood Indians are absolutely ignorant of politics, and do not care who rules them nor how they are governed, provided they are not troubled in their personal activities and not overtaxed.

The Indian "Meztizes" of the Peruvian Island, on the other hand, is a born politician; nothing pleases him better than "brass band" politics and elections. Frequently elections are annulled by the authorities, but that does not trouble the voter of the Peruvian altiplano, "as there will be another election by and by."

These few instances of political differences in Latin America will suffice to explain the wide differences in commercial laws and regulations in the various countries of the Southern Continent.

Commercial methods also differ vastly. Books may be written about them. Allow me to merely outline a few facts.

The larger trade centers of Argentina, Uruguay, Brazil and Chile are intensively developed commercially, and their business methods are generally adapting themselves to North American requirements. However, too much emphasis cannot be placed on the fact that Chile is not one, but several markets. The Province of Magellan, for instance, is economically absolutely independent from Valparaiso. The intensively developed-industrially active District of Concepcion, and Valdivia, is not at all economically dependent upon Valparaiso, of Santiago. Both Southern and Northern Peru submit to the political supremacy of Lima, but rebel at the mere idea of being made economically dependent upon the capital.

In business methods also the differences are great. Business may easily be developed in Argentina, Uruguay, Brazil and Chile, by judicious circularizing, advertising or by traveling salesmen. Some business may be obtained by the same methods in Peru. However, probably half of the foreign trade of Peru is controlled by less than half a dozen large British and American firms, and by no more than twenty old conservative Peruvian firms, whose trade would hardly be influenced by circulars or by the volubility of a drummer.

Even nearer to us we have, for instance, characteristic differences in the same island. The trade of San Domingo is very much divided and constantly changing. There salesmen of the drummer type who speak Spanish and have the right kind of goods at the right prices will bring back orders. In Haiti, on the other hand, there is very much less subdivision, as the trade is in the hands of a small number of large and exceedingly conservative firms, who seldom care to change old established foreign relations.

Not only the various parts of South America differ with one another very largely, but the methods of various European countries have differed very much in their endeavor to obtain Latin American trade. In Argentina and other countries the British have obtained a large share of trade in investing in railroads and large enterprises. In West Coast countries the British have large commercial houses, not branch offices of London firms. The Germans have endeavored to monopolize trade by filling huge warehouses with cheap goods and sending groups of salesmen with carloads of trunks even into remote villages. The French have, on the other hand, until the war, obtained and retained a large share of the Latin American trade, without any of the means mentioned above, but very largely by sending every few years a member of the firm—a son, a nephew or a near relative of its owner—on a friendly visit to maintain the personal contact between the old and the new world.

Now, gentlemen, I trust that the few facts which I have taken the liberty to lay before you will stimulate you to serious study of Latin American countries and their people, so that the United States may not merely obtain, but legitimately retain, the preponderant commercial influence in the Western hemisphere.

WEIGHTS AND MEASURES

THE METRIC SYSTEM AS A FACTOR IN PAN AMERICAN UNITY

BY GEORGE FREDERICK KUNZ, PRESIDENT OF THE AMERICAN METRIC ASSOCIATION.

(Read at the Afternoon Session of Wednesday, June 4.)

Three principal factors for the realization of Pan American unity, and for the preservation of amicable relations among all the American countries, South and North, are a mutual understanding of the psychology of the several nations, a decimal currency, with, if possible, a single unit of exchange, and finally, a single system of weights and measures.

Most international disputes are due to misunderstandings and these are happily dispelled by such friendly conferences as those of the Pan American Union.

The second of these factors has been realized in part in the greater number of Latin American countries, but unfortunately there is, as yet, no common currency unit. Cuba, while preserving the name "peso," has adjusted its value to that of our dollar, and the dollar is the unit in British Honduras, as it is in Colombia also. In this last-named country, however, the value falls a few cents below that of the United States dollar. Peru forms an exception, having chosen for its money unit the *libra*, an exact equivalent of the British pound sterling, this being divided into 10 *soles* of 100 *centavos* each.

It would assuredly constitute a great simplification of the exchange conditions between Latin America and the United States if the dollar, with its value as ours, could be made the single unit for all the American countries. Of course where internal financial conditions prevent the consistent application of a gold standard, variations, more or less violent in the rates of exchange on paper money cannot be avoided, whatever may be the nominal unit.

As a step in the right direction of the metric system, the decimalization of the coinage has found some favor in England recently, the present florin (a two-shilling piece) being proposed as a new monetary unit, since it is exactly one-tenth of a pound sterling. As the British farthing is $1/96$ of a florin, an exceedingly trifling reduction of its value would make of it a "cent" representing the one-hundredth part of the florin and worth only a very small fraction less than one-half of the United States or Canadian cent. Another idea has been to add ten-pence to the value of the pound, which would then contain 250 pence or 1000 farthings of unchanged value. A new florin, as the tenth of this new pound, would then be worth 100 farthings.

Here follows the Coinage units and standards of the South American, and Central American nations, and of Mexico.

| | <i>Value</i> |
|---|--------------|
| G. Argentina—Peso | \$.9648 |
| Currency: depreciated paper, convertible at 44 per cent of face value. Exchange rate about 42½ cents. | |
| G. Bolivia—Boliviano | 0.3893 |
| 12½ bolivianos—£1 | |
| G. Brazil—Milreis | 0.5462 |
| Currency: Government paper. Exchange rate about 25 cents to the milreis. | |
| G. British Honduras—Dollar | 1.000 |
| G. Costa Rica—Colon | 0.4653 |
| S. Guatemala—Peso | 0.4969 |
| Currency inconvertible paper. Exchange rate 40 pesos=\$1. | |
| S. Honduras—Peso | 0.3537 |
| Currency: bank notes. Exchange rate about 35 cents. | |
| G. Nicaragua—Cordoba | 1.000 |
| S. Salvador—Peso | 0.3537 |
| Currency convertible into silver on demand. Exchange rate about 42 cents. | |
| G. Chile—Peso | 0.3650 |
| Currency: inconvertible paper. Exchange rate approximately 14 cents. | |

| | |
|--|--------|
| G. Colombia—Dollar | 1.000 |
| Currency: inconvertible paper. Exchange rate approximately \$105 paper to \$1. | |
| G. Cuba—Peso | 1.000 |
| G. Ecuador—Sucre | 0.4867 |
| G. Hayti—Gourde | 0.9647 |
| Currency: inconvertible paper. Exchange rate, approximately 16 cents. | |
| G. Mexico—Peso | 0.4985 |
| Exchange rates fluctuate violently. | |
| G. Panama—Balboa | 1.000 |
| S. Paraguay—Peso | 0.4969 |
| Currency: depreciated paper. Exchange rate 1.550 per cent. | |
| G. Peru—Libra | 4.8665 |
| G. Uruguay—Peso | 1.0342 |
| G. Venezuela—Bolívar | 0.193 |

G., gold standard; S., silver standard.

The war, our dealings with other nations, and the need for greater efficiency here in America have combined to bring meters, liters and grams to the attention of all who read.

The metric movement is uniting the National organizations, firms and individuals who are interested in securing for America the advantages of the general use of metric weights and measures. Among the National associations that are members of the American Metric Association are:

- American Association for the Advancement of Science.
- American Chemical Society.
- American Drug Manufacturers' Association.
- American Institute of Chemical Engineers.
- American Pharmaceutical Association.
- Institute of Makers of Explosives.
- National Association of Retail Druggists.
- National Canners' Association.
- National Scale Men's Association.
- National Wholesale Druggists' Association.
- National Wholesale Grocers' Association.

The World Trade Club of San Francisco purposes to continue its part in the metric campaign until success is attained. Their extensive distribution of metric literature and a blank form of petition addressed to the Executive Officers of the United States and Great Britain is a splendid example to Clubs and Associations wherever meters, liters and grams have not yet come into general use.

Our work of compiling and editing "Metric Weights and Measures" in co-operation with other National organizations, and securing and sending out information, is showing encouraging results. This is seen in the modern and more practical instruction in the metric system as applied to practical work; the more general use of metric equivalents on labels for groceries, medicines and other commodities; and in the ever increasing use of metric weights and measures. The substance of the third edition of our booklet has been approved by National organizations on both sides of the Atlantic including The Decimal Association of England.

There is wide interest during these reconstruction days in the friendly metric race between the United States and England. The Decimal Association, and the Manchester and District Decimal Association of England are determined to secure, as soon as possible, the advantages of decimal currency and the decimal metric weights and measures.

Last year some publicity was given to a portion of a British Parliamentary report adverse to decimal currency and the metric weights and measures. Letters arriving from England later, however, indicate that this report has been roundly criticised and has only brought the need for decimal currency and the metric weights and measures more forcibly than ever to the attention of the British public. Commenting on the report in question, Mr. E. Merry of London writes on June 15, 1918, as follows:

"Since then the Decimal Coinage Bill has been read a second time in the House of Lords and while the result was not exactly what we had hoped for, yet it was, on the whole, quite satisfactory.

"There was practically no opposition to decimal coinage as such. The Government expressed the opinion that this was not a favorable time to make the change (though it was never proposed that the coinage should be altered now but only preparations should be made for the new coinage to come into effect after the war) but suggested putting the whole subject before a Committee composed of Members of both the Upper and Lower Houses and on this understanding Lord Southwark consented to the bill being adjourned. The Committee I understand will be formed almost immediately and the subject will be thoroughly threshed out."

Mr. Harry Allcock of W. T. Glover & Co., writes: "I am enclosing a copy of the Decimal Coinage Bill which is now before the House of Lords. On the motion for its second reading it was adjourned by consent on the understanding that the subject would be referred to a joint Committee of the two Houses of Parliament. It is expected that this Committee will be shortly appointed, and in the meantime it is interesting to note that Lord Balfour of Burleigh said in the above Debate that he was satisfied that the subject deserved further and more exhaustive consideration than his Committee had been able to devote to it."

While legislators have been discussing the metric system, our practical English cousins have been quietly extending its general use. Rainfall, for instance, is officially measured in millimeters instead of fractions of an inch.

Word has come from the Manchester and District Decimal Association that the design and manufacture of British magnetoes is conducted solely in the metric system.

One of the most important actions taken at the Inter-Allied Conference held in November, 1917, was the establishment of the Inter-Allied Scientific Food Commission. This, as have other Commissions, adopted the metric system for estimating the weights of the various foods produced in each allied country. The amount of food required for individuals and nations is also given in grams. The minimum portion of fat, for instance, for one man per day is given as 75 grams.

The following brief explanation of the use of metric weights and measures reveals the reason for the 50% that is saved in teaching the subject of measurement and in calculations of nearly every kind by the use of the meter, liter and gram.

As the dollar, the unit for American currency, is divided into 100 cents, so the meter, the metric unit of length, is divided into 100 centimeters. The centimeter and meter are the metric measures of length in common use. For example, if a man's regular step is 75 centimeters, in 100 steps he will cover 75 meters (75 centimeters \times 100=7500 centimeters=75 meters). Fast walking will cover about 100 meters per minute, 1000 meters in ten minutes, and 6000 meters or 6 kilometers per hour.

The liter is the metric unit of capacity, and is divided into 1000 equal parts called milliliters or cubic centimeters. The canteen used in the United States Army holds about one liter.

One milliliter or cubic centimeter of water weighs 1 gram, which is the metric unit of weight. The United States five-cent piece or nickel, when new, weighs exactly 5 grams, one gram for each cent. Also the ten, twenty-five, and fifty-cent pieces are made according to the ratio of 1 gram for each four cents. Five grams is also the weight of the French silver franc. Coins of nearly all countries may be used as metric weights.

The meter for measuring length, the liter for measuring capacity, and the gram for weight is the sum and substance of the metric system. These three units (meter, liter, gram) together with the following divisions and their abbreviations are winning their way into general use because they are easy to learn and to work with, and best suited for practical purposes.

| | | | | |
|----------|---|------------------|---------------|-------------|
| LENGTH | { | 10 millimeters | =1 centimeter | 10 mm=1 cm |
| | | 1000 kilograms | =1 meter | 100 cm=1 m |
| | | 1000 grams | =1 kilogram | 1000 m=1 km |
| CAPACITY | { | 1000 milligrams | =1 liter | 1000 ml=1 l |
| | | 1000 milliliters | =1 gram | 1000 mg=1 g |
| WEIGHT | { | 1000 meters | =1 kilogram | 1000 g=1 kg |
| | | 100 centimeters | =1 metric ton | 1000 kg=1 t |

Their use is illustrated in the following averages of measurements taken of men about 18 years of age; height, 171 cm; weight, 58 kg; chest girth after expiration, 81 cm; chest girth after inspiration, 90 cm; lung capacity, 4150 cm³ or cc.

The so-called old weights and measures in South America are the Spanish and the Portuguese. The Portuguese *vera* is, however, 120 centimeters and is usually spoken of as 120 cm instead of a *vera*. The Spanish *vera* has different values in several different provinces, but in all cases its value is given in metric terms. The gallon, when spoken of in Latin America, usually refers to 4 liters. Where the Portuguese, Spanish or other names survive they in nearly every case refer to definite and well understood metric weights and measures.

Mr. E. C. Perez, Consul-General of the Argentine Republic at New York City, is thoroughly familiar with conditions in South America. He writes to the American Metric Association as follows:

"Replying to your letter of the 21st inst. I have the pleasure to state that in all the South American continent the metric system is in current use, although in some countries other measures are also used, especially the ancient Spanish system of weights and measures. The Argentine Republic adopted by law the metric decimal system in the year 1863 and it is not permitted in any public or private document to establish a measure or equivalent of other system of weights and measures, without stating at the same time, the equivalent in accordance with the decimal metric system."

The Irving National Bank has had wide experience in dealing with the Latin American countries. Their excellent book published in 1917, entitled "Trading with Latin America," considers the matter of weights and measures. On Page 81 is found the following statement, which is corroborated by well-informed business men. "From the first, measurements, quantities, weights, etc., should be converted into the metric system. It is highly important to realize that the metric system prevails in all of the Latin American countries and business is facilitated by employing it."

It should be clearly borne in mind that the British system is based upon the British yard, whereas all United States weights and measures have been based upon the metric standards since April 5th, 1893. There is a discrepancy, for instance, in regard to weights and measures, of 20% between the British and American liquid measures. The metric system, however, is legal in both countries as they are legal or compulsory in every other country on earth.

The striking diversity in the value of the various chief metals, precious and otherwise, can be seen at a glance in a list, where the exact weight of a cubic centimeter of each is given with the value of this quantity at ruling prices. It will be noted, as a proof of the simplicity of the metric system, that when once the specific gravity of a substance is ascertained the exact weight in grams of a cubic centimeter is known without further calculation, for the cubic centimeter of water weighs one gram.

The common adoption of the metric system by the states of Latin America is already a bond of union among them, and its general adoption in the United States and Canada would bring both the Americas into agreement in this particular. The commercial advantages afforded thereby is a most important argument in favor of this, entirely apart from the superlative merits of the logical metric system, when compared with the many and chaotically related units of other systems.

The adoption of the metric system renders it easier for the children and adults to secure an education and to think and work logically and well. It binds the nations together by the common use of the international metric standards. It is best for the people and the people will secure it for their permanent good. There have been many other weights and measures used but unfortunately they have not been conveniently related to each other nor as well suited to the needs of mankind as are those of the metric system.

To escape from this "confusion worse confounded," into the simple, logical atmosphere of the meter for length, the liter for capacity and the gram for weight would be like leaving purgatory (or a worse place) for the Elysian Fields.

It has been my privilege to have directly induced the substitution of a metric unit for an unending confusion of jewel weights. In 1893, at the Columbian Exposition in Chicago, I advocated the introduction of a new carat, making 5 carats to the gram.

Another important advantage is that in packing containers of any product, they can be expeditiously and systematically arranged in cases holding tens, hun-

dreds, or thousands, the layers of containers being so laid that a definite metric quantity can always be removed without delay.

We have intentionally reserved our first factor to the end, for we are fully persuaded that nothing can better pave the way for a good understanding among the American nations than uniformity of currency and of weights and measures, for this will obviate many causes of misunderstanding and dispute, and will aid powerfully in developing trade among these nations. Still, true reciprocity can never be attained without a sympathetic study of the differences in manners and customs in the various countries.

Instead of seeking to extinguish these differences, or criticizing them in a narrow and unfriendly spirit, we should rather see their good side as expressions of different types of civilization and humanity, and we should welcome the existence of a pleasing diversity rather than long for what might well prove to be a monotonous uniformity. From nation to nation the feeling should be such as it is often between two individuals of the same nation, where persons of different temperamental and mental qualities frequently make the best of friends, their respective qualities and defects proving mutually complimentary, as Tennyson put it of his great friend, Arthur Hallam, "his unlikeness fitted mine."

PAN AMERICANISM IN WEIGHTS AND MEASURES

BY FREDERICK A. HALSEY, COMMISSIONER, AMERICAN INSTITUTE OF WEIGHTS AND MEASURES, NEW YORK.

(Read at the Afternoon Session of Wednesday, June 4)

At the foundation of the case for the metric system is the claim that that system is better than others. It is quite true that some who have tried it report that they find it better, but, on the other hand, others report that they find it no better and even not so good. It is, however, impossible to take a census of individuals in this matter, and it is also unnecessary because the judgment of the world has condemned the system, and the clearest verdict of all comes from France.

The metric system was originally promulgated in France by compulsory law in 1793. Those laws remained in force for 19 years, or until 1812, when, under Napoleon, who had no faith in the system, they were repealed and the people were permitted to resume their ancient measures. This they promptly did, reverting to that truly universal system in which 12 inches make a foot, 3 feet make a yard and 16 ounces make a pound.

In order to distinguish this system from the metric system by name, it received the official title the *Système Usuelle*—a name which, in two words, tells the whole story. This *Système Usuelle* continued as the common system in France for 25 years, or until 1837 when the metric force laws were reimposed.

If the metric system is better than the ancient system, were not 19 years of its enforced use sufficient to demonstrate the fact? What other explanation of this reversion to old units is possible except that the French people found them better adapted to their purposes than the new? There is no other possible explanation, and it should be noted that we have here not the opinion of a few individuals but the verdict of a nation.

To the people of no other country has been given this opportunity to express their preference between the two systems after a trial of the new, but the verdict of Latin America is unmistakable. The system was adopted in most of the Latin American countries more than half a century ago—in the decade between 1850 and 1860—and today the people use it only to the extent that they are compelled by law.

In but one country—Uruguay—is it really adopted for domestic purchases and sales and this because of laws, which, to us easy-going Anglo-Saxons, seem fairly grotesque, and, moreover, even those laws are but partially effective as, in spite of them, we find many exceptions.

Argentina and Venezuela also have drastic laws but they are not, apparently, so rigidly enforced, as in those countries we find a much larger use of the old measures. In all Latin American countries the use of the system is in exact accordance with the severity of the laws, and in most of them, among the people,

it is used but little. In ten of them it can scarcely be found in popular usage while in five, the English units are used far more than the metric, although these five, like the others, are, in metric literature, claimed to be purely metric. Is not half a century of tutelage enough to demonstrate the advantages of the system, if they exist? Is it not clear that the people of Latin America continue to use the old units because they find them better adapted to their purposes than the new ones?

The facts given are the results of an extended investigation conducted by the American Institute of Weights and Measures by means of a questionnaire which was circulated broadcast throughout Latin America with the assistance of the National City Bank, the United Fruit Company, W. R. Grace & Company and the Hill Publishing Company, all of whom forwarded the questionnaires—duly translated into Spanish and Portuguese—to their branch offices and correspondents.

The results of this inquiry have been summarized in a Report on The Weights and Measures of Latin America, published by the American Society of Mechanical Engineers and it should be noted that since its publication some remarkable confirmations of its findings have appeared.

The preference of the people of Latin America for the ancient system is not confined to usage in domestic purchases and sales. We have an accurate census of the machine tools in Latin American shops and factories which is a striking example of this preference.

For the benefit of the non-technical reader it should be explained that machine tools are the machines with which machine shops are equipped. They are the foundation of modern mechanical industry, being the parents of all other machines of whatever kind and purpose since all parts of such machines are made thereon and on them every dimension of every part is determined. This is true even of the implements of war as the world has recently learned, war being, in fact, the child of the machine shop.

The census of machine tools in Latin America under pre-war conditions shows that 39.3 per cent thereof were made in the United States and 43.2 per cent in Great Britain—a total of 82.5 per cent having been made to the English system, while the remaining 17.5 per cent were made in France, Belgium and Germany and to the metric system.

In other words, Latin American factories have shown their preference for machines made to English over those made to metric measures in the ratio of nearly 5 to 1. Knowing these facts as they do, do you think that our manufacturers of machinery will follow the advice of these well-meaning gentlemen who have no knowledge of the industry but who tell us that Latin America will not buy our machinery unless made to metric measure? Contrasting the facts with this claim, how much respect can you have for the knowledge of those who make it?

Next, I wish to point out that while the system has been repeatedly adopted under high hopes by industries in the United States and Great Britain, it has not made good its promises.

Twenty years ago, the Library Bureau was the star example of the progress of the system in this country. At the foundation of that industry the system was adopted for the manufacture of its products and I have in my office a statement made by a representative of that organization before the House of Representatives Committee on Coinage, Weights and Measures in 1906 in which the system was extolled to the skies and its supposed advantages set forth.

Nevertheless, after thirty years use, the system was abandoned by the Library Bureau, which now manufactures its products to the English system. A similar example is found in Great Britain where in the decade of the 90's the Willans & Robinson Company of Rugby was organized for the production of the Willans high speed engine for which the metric system was adopted.

While continuing the system for the production of this engine, because of the difficulty of a change and the necessity of continuity of production, the system was, after 20 years, abandoned for all new work, and Willans and Robinson summarizing their experience in these words:

"We are satisfied that the adoption of the metric system has cost us a great deal in gages and special tools without adequate return."

Similarly, the Ericsson Manufacturing Company of Buffalo, New York (manufacturers of the Berling magneto), report that while ten years ago they used the system exclusively, but they have now abandoned it.

The pioneer American watch factory—the Waltham factory—adopted the system early in its history. The Waterbury (now the Ingersoll) Works was

established by men from the Waltham Company, who carried the system with them, but beyond that the influence of the Waltham example has not gone, all other American watch factories following the English system. Similarly, the pioneer makers of steam boiler injectors (Williams Sellers & Co.) adopted the system for that product, but none of their competitors has followed their example, all other makes of injectors being to the English system.

In the cases of watches and injectors, would not the advantage of the system, if it had any, have led to its use by others than the pioneers and is not the fact that others have not used it satisfactory proof that it has no such advantage? Moreover, William Sellers & Company, who adopted the system for this purpose about 1860 and thus have a longer experience with it than any other American manufacturer, now say:

"Our experience with the metric system, extending over 50 years, does not encourage us to extend its use beyond the borders of the shop and the class of work for which it was originally started."

Another example is found in the optical industry. When, a quarter of a century ago, the making of optical instruments received its great impetus in this country, it was found necessary to import skilled workmen from Europe for the grinding of the lenses. Those workmen had learned their calling in the metric system in which all their formulas and working data were embodied and they naturally continued the use of the system here. It is, however, a striking fact that, except the lenses, which, numerically, are a small part of optical instruments, such instruments are made to the English system. We thus have two systems in use side by side in the same factories, and is it not clear that if the metric system possessed the advantages claimed for it, those advantages would have led to its adoption for the remaining parts of optical instruments?

It is to be noted, moreover, that we are now discussing scientific apparatus which, although made chiefly to the English system, is accepted by scientific men as entirely satisfactory for their purposes. This being the case, by what right do these men claim that others will not accept machinery unless made to the metric system?

The investigation of the American Institute of Weights and Measures which has been published under the title *The Metric System in Export Trade* has disclosed the fact that the greatest use made of the metric system by any American industry is found in the production of machine tools and it is a striking fact that not only was this Institute organized within the machine tool industry, but that in that industry is found the greatest number of its members. Is it not remarkable that the very industry which has made the most use of the system is the one which has combined to resist its further extension? Moreover, not only have individuals connected with this industry organized this Institute, but the National Association of Machine Tool Builders, along with other manufacturing organizations, have repeatedly passed resolutions condemning the system.

The metric party has endeavored to convey the impression that the intellectual people of the United States and Great Britain favor the adoption of the metric system. Against that contention is a pamphlet published by the American Institute of Weights and Measures under the title *The Metric System Condemned* by Those Who Know, wherein are collected together a large number of condemnations of the system by men of whom the following are representative examples: John Quincy Adams, Past President of the United States; Sir George B. Airey, Astronomer Royal of Great Britain; Association of Railway Master Mechanics; C. A. Bates, Head of Assessment Division, U. S. Treasury Dept.; Rear Admiral Bowles, Chief Constructor, U. S. Navy; Sir Frederick Bramwell, F. R. S.; four British Parliamentary Committees; Prof. N. F. Dupuis, Dean of Practical Science, Queen's University, Canada; Rear Admiral Earle, Chief of Bureau of Ordnance, U. S. Navy; Engine Builders' Association of the United States; James W. Evans, Metropolitan Inspector of Weights and Measures, Sydney, Australia; Furniture Association of America; Willet N. Hayes, Asst. Sec'y. U. S. Department of Agriculture; H. A. Hazen, Chief, U. S. Weather Bureau; Sir John Herschel, the great astronomer; J. E. Hilgard, Asst. U. S. Coast Survey; Dean William Kent, Professor Mechanical Engineering, Syracuse University; B. G. Lamme, Chief Engineer, Westinghouse Electric & Mfg. Co.; J. H. Linnard, Naval Constructor, U. S. Navy; Hon. David Lloyd-George, President British Board of Trade; Quartermaster General M. C. Meigs, U. S. Navy; Rear Admiral Melville, Chief Engineer, U. S. Navy; National Association of Manufacturers; National

Association of Machine Tool Builders; National Metal Trades Association; Napoleon; C. P. Patterson, Supt. of U. S. Coast Survey; Charles T. Porter, Past President, the American Society of Mechanical Engineers; Providence Association of Mechanical Engineers; Dr. J. W. Redway, F. R. G. S., Geographer, Meteorological Observer; William Sellers, President William Sellers & Co.; Brown & Sharpe Mfg. Co.; Ellis Spear, Commissioner of Patents; Herbert Spencer; Dr. John E. Sweet, Founder and Past President American Society of Mechanical Engineers; Standards Committee Society of Automotive Engineers; F. W. Taylor, Past President American Society of Mechanical Engineers, Founder of Scientific Management; Hon. R. W. Thompson, Secretary of the Navy; H. R. Towne, Past President American Society of Mechanical Engineers; University Convocation State of New York; U. S. War Department, office of Chief of Ordnance; J. A. Williamson, Commissioner U. S. Land Office.

In addition to these names, I desire to point out the character of those who comprise the Council of the American Institute of Weights and Measures which was organized to oppose the adoption of the metric system. This Council contains three Past Presidents of the American Society of Mechanical Engineers, a Past President of the American Manufacturers Export Association, a Past President of the Mining and Metallurgical Society of America, the President of the National Association of Manufacturers and a Past President of the same organization, a Past President of the Society of Automobile Engineers, a Past President of the National Metal Trades Association, a Past President of the Society of Naval Architects and Marine Engineers, the President of the Westinghouse Electric and Manufacturing Co.; President of the Stevens Institute of Technology and the professor of Mechanical Engineering at Yale University. No other American organization can present such a list of names as this.

Against it, I wish to contrast the character of the Council of the American Metric Association which has been organized to promote the metric system. That Council contains a wholesale druggist, two wholesale grocers, a professor of pharmacy, a director of a museum, a secretary of a bourse, and an expert in precious stones.

Which of these two bodies would you select to direct the industrial policy of this country?

I believe I have shown that the judgment of the world condemns the metric system.

My Report on The Weights and Measures of Latin America has made clear to many what was formerly known to but few—the great similarity of the Spanish and the English systems. Read a few of the ratios of the Spanish system:

12 pulgadas make a pie.
3 pies make a vara.
16 onzas make a libra.
2000 libras make a tonelada.

These ratios are equally familiar to us all and the onza, the libra and the tonelada differ from the ounce, the pound and the ton by one-half of 1 per cent—a difference so small as to be inappreciable for most purposes, a difference so small that in five of the Latin American countries, it is now ignored *as it might easily be in all*.

Do you recognize what I am coming to—Pan Americanism in weights and measures—the unification of our weights and measures on the basis of that system which is no more English than it is Spanish and no more Spanish than it is English because it is neither. It is Roman. I am here to urge Pan Americanism in weights and measures without change of system and with nothing but an adjustment of values to agreement. Pan Americanism did I say? Aye, but much more than that. Great Britain and her far-flung Empire; the United States, which has taught the world how to do without kings; Latin America, the land of the great and glorious future. What more is needed to stir your blood? What more to send it coursing through your veins in the presence of a great opportunity? I am not here to deal in fine words or phrases. I am here to present a simple, sensible, practicable plan for the promotion of the commercial relations of the two Americas and of the British Empire. Let us give up the chase of this will-o-the-wisp which the nations of the world are always chasing but never catching. Let us consult the experience of the past. Let us recognize that the attempt to adopt the metric system is a failure. Let us work for what is feasible, possible and practicable.

Let us unify the weights and measures of the two Americas and of the British Empire on the basis of the system which came to us all from the mother of us all—the Roman Empire.

What more sane, simple, sensible, obvious, practical, common sense method of promoting the commerce of the two Americas is there than this? What more fruitful thing can the Pan American Union do than promote this object?

For what are we here? Is it to promote that threadbare, discredited thing, the metric system, or is it to promote international trade and commerce?

PARCEL POST

MAIL AND PARCEL POST SERVICE BETWEEN THE UNITED STATES
AND LATIN AMERICA

BY OTTO PRAEGER, SECOND ASSISTANT POSTMASTER GENERAL.

(Read at the Evening Session of Wednesday, June 4)

The Post Office Department has been anxiously awaiting the stabilizing of affairs after the war for many reasons, among others to enable it to carry to completion the program laid down by the Postmaster General a few years ago for thorough reconstruction of the foreign mails system. This program, in the main, called for the bettering of sea transportation of mails to and from foreign countries and world wide extension of our international parcel post.

The impetus which the war gave to ship building in this country bids fair to bring that maritime development that will enable this country to keep in touch with the rest of the world by numerous and more direct shipping lines. In a measure upon the shipping program depends the program for the wide extension of the international parcel post.

The benefit of frequent direct steamship service is not better illustrated than by the growth of the parcel post between the United States and such of our Latin American neighbors as enjoy rapid and frequent communication between their ports and the United States. Take the case of Mexico, with its direct land communication and the excellent service to its eastern and western ports. According to the latest figures, the United States is sending to that country yearly 127,473 parcels weighing in the aggregate 841,482 pounds. This far surpasses the parcel post exports to any other country on this hemisphere.

In Central America, Honduras has the best steamship service with us and it leads in parcel post imports from the United States, with 22,899 parcels weighing 152,507 pounds. In South America, for the same reason, Colombia leads in parcels imported from the United States with 107,222 parcels weighing 756,633 pounds. The same ratio holds good with parcels post imported into the United States from Mexico, Honduras and Colombia, thus indicating that the greatest movement of parcel post in both directions bears a distinct relation to the frequency and quickness of transportation. One of the noticeable characteristics of the international parcel post with Latin-America is the great disproportion between the number of parcels exported from the United States to Latin-America and those exported from the countries of Central and South America to the United States. While in a measure this holds true in the parcel post export trade between the United States and Europe, the disparity is not as great as between this country and Latin-America.

An obvious reason is that the United States is a manufacturing country whose products are easily adaptable to the small shipment units necessary to enter the parcel post. The products of the other American countries run more largely to raw materials which naturally are less suitable for transportation by mail. I realize that there are a great many people who feel that a country need not concern itself over the development of imports, but rather over the development of exports; yet in the development of exchange of commodities between two countries better and more harmonious relations will result if the volume of the exchange is more nearly on an equal basis. In the trade between a country producing largely finished articles, with a country producing largely raw material, there will always be a disparity of volume of parcel post in favor of the country producing the finished articles, but certainly with intelligent effort this disparity can be reduced, and the increase in the weight limit of articles entering into the international parcel post from 11 to 22 pounds, or from 5 to 10 kilograms, lends itself admirably to this work. I would like to see study and effort directed to this situation and I can assure our friends of the South of the heartiest cooperation of the Post Office Department of the United States in this work.

Let us take stock for a minute of the international parcel post arrangements between the United States and Latin America, and with that information before us let us endeavor to work out a program that will enlarge the dealings on both sides and bring about a still better understanding in the administration of international parcel post.

The United States today has parcel post service with all the countries of Central and South America, including Mexico. To three of these, Chile, Mexico and Salvador, there is provision for the registration of parcels and payment of indemnity in case of loss. To all the other countries except Argentina, Dutch Guiana and Uruguay, there is provision for registration without indemnity, the countries last named not yet having accepted a provision for registration.

To ten countries in Central and South America, British Honduras, Guatemala, Nicaragua, Republic of Honduras, Salvador, Brazil, Colombia, Ecuador, Peru and Panama, the maximum weight limit of parcel post packages is 22 pounds, or 10 kilograms, while to the remaining countries the weight limit is 11 pounds, or 6 kilograms. Negotiations are pending with the latter countries on the proposal of this Department for a like increase in the weight limit of parcels, and it is hoped that eventually the 22 pound limit will apply to all countries in Central and South America.

In our domestic parcel post service the articles prohibited transmission therein are, as a rule, limited to those that will injure the person of the postal employee or destroy, deface, or injure the contents of the mail bags, or are such as to reflect upon the character of citizens, or are regarded as obscene.

In the foreign mail service, however, there also are many articles prohibited, the restriction imposed being based upon some law or regulation in support of some trade monopoly in the country of destination, thereby obstructing a full development of trade relations. For example, there are countries whose governments have the monopoly of the tobacco trade, or who have given a monopoly of the trade to some corporation. It will be found with respect to the services to those countries that tobacco is prohibited transmission in the parcel post in regular mails. Then again, there are the restrictions with respect to articles made of gold and silver, which are prohibited because the articles may not contain enough precious metal to conform with the "sterling" or "hallmark," requirements of each particular country, although recently there has been a tendency to permit the bringing in of these articles, with the requirement that they be submitted for appropriate marking in some government bureau. Again, many articles are excluded because the governments have sold concessions to firms engaged in the manufacture of the goods prohibited, and the prohibitions are of course based upon the desire to protect the individuals or corporation having the concession or monopoly.

An examination of the list of prohibitions in the parcel post for foreign countries shows so great a variety of articles prohibited that it is not clear upon what hypothesis they are excluded. This Department is conducting an inquiry into the causes of these prohibitions and means for overcoming them. In this connection, the negotiations for a parcel post convention with Cuba are interesting, and the one conspicuous example where it may be stated that the United States today is chiefly to blame for the lack of parcel post facilities. The refusal of our Congress to so modify our statutes so as to enable Cuba to utilize the service in connection with its principal available industry has prevented the conclusion of a parcel post convention with the Island. The Post Office Department, jointly with the Treasury Department, has appealed to Congress for an amendment of the law, but without avail. The statute in question prohibits the importation into the United States of cigars and cigarettes in less quantities than 3,000 in a single package, and it is this prohibition that naturally renders Cuba unwilling to enter into such an agreement, as the limitation mentioned would render the service unavailable to Cuban tobacco dealers, even though the weight limit were 22 pounds, the present maximum to certain countries. The modification of this statute has been opposed by certain cigar makers' unions in the United States, and unless business men and manufacturers, who should be vitally interested, render the necessary assistance in securing the modification of this law, no assurance can be given of the extension in the near future of increased parcel post facilities to Cuba.

Hand in hand with the parcel post should go the international money order service, without which parcel post must fail of its fullest benefits and most successful operations. We have such service at present with only nine countries in Central and South America, but it is hoped that pending negotiations will result in a number of additional conventions in the near future.

As an important link in the promotion of the commercial interests of the Pan American countries, I should not fail to draw attention to the proposal of

this Department first submitted in October, 1914, for the application of the domestic rate of the United States to letters for the various other countries of the Western Hemisphere (where said rate was not already applicable) and the application of the domestic rates of those countries on letters for the United States. As a result of the proposal, the domestic letter rate has already been extended to British Honduras and British Guiana in Central and South America, and to the Bahamas, Barbados, Dominican Republic, Trinidad, and the Windward Islands.

There is another matter closely identified, it is believed, with the extension and improvement of the postal relations between the countries of North and South America, concerning which I am prepared to speak, however, only in the sense of expectation, and that is the next Pan American Postal Congress to be convened on a date and at a place yet to be selected.

The first Pan American Postal Congress was held at Montevideo in 1911, at which Congress, however, the United States was not represented. I am pleased to state that the Postmaster General is anticipating with much interest the deliberations and results of the forthcoming or second Pan American Postal Congress, and has notified the Director of the Pan American Postal Bureau at Montevideo, Uruguay, of the intention of this Government to send delegates thereto.

PAN AMERICAN PARCEL POST

BY SEÑOR FRUTOS T. PLAZA, FOREIGN DEPARTMENT, MONTGOMERY WARD & COMPANY

(Read at the Evening Session of Wednesday, June 4)

I have been requested to address you on the subject of Pan American Parcel Post. This is a question of wide-spread interest and it perhaps concerns more of our common people and commercial classes than any other matter affecting our mutual relations. As a justification for making some observations on this subject, I may say that for the last fifteen years our Company has been shipping merchandise through the mails to most of the nations of the western hemisphere; so that we have gained by experience a very good understanding of the facilities, obstacles and requirements in the everyday routine of the parcel post.

The parcel post is today more than ever the quickest and the most economical medium of obtaining lightweight merchandise from the sources of supply, not only in the United States but in most of the nations of north, central and South America. This method of shipment is employed not only by houses dealing directly with the consumer, but also by those dealing with merchants and importers. The parcel post is especially convenient for the shipment of small sample orders and repair parts. It thus has become an item of intense interest to most concerns indulging in International trade, regardless of what their particular line of business and methods of selling may be.

Thanks to the steady efforts of our Post Office Department, facing at times discouraging obstacles but with a spirit that is worthy of our commendation, we have today parcel post with every one of the Republics of the Pan American Union. This important factor has placed, I am glad to say, our exporters in the same favorable position as those of the European nations and has brought about what may be called the complete establishment of a Pan American parcel post, opening a new way—heretofore but little known—for the interchange of commodities between the Republics of the American continent.

Let us consider then some phases of the arrangements whereby packages may be exchanged by mail between the United States and other countries of Pan America and discuss the changes that are necessary for their improvement:

(1) Limit of weight; (2) Postage rates; (3) Packing; (4) Necessary documents; (5) Suggestions for its improvement.

(1) At present we have four different limits of weight for a parcel, each depending on the country of destination. To Brazil, Colombia, Peru, Guatemala, Honduras and Nicaragua the limit of weight for a parcel is 22 pounds. To Ecuador, Mexico, Panama and El Salvador 20 pounds. To the Dominican Republic, Haiti, Venezuela, Bolivia, Chile, Argentine, Uruguay and Paraguay 11 pounds. To Cuba 4 pounds 6 ounces.

Exporters by parcel post should bear in mind that the limits of weight are not the same for all countries so that they may take full advantage of the maximum weight whenever possible. Many people apparently are under the impression that

the limit of weight is uniformly 11 pounds, and I know of some instances where shipments have been unnecessarily divided or goods needlessly omitted.

(2) Postage rates on Pan American parcel post are the same to all the Republics, 12c per pound or fraction thereof, United States currency, registration charges 10c per package. Registration, however, can not be obtained to the Argentine Republic, Ecuador and Uruguay. The Government at this time provides no insurance against damage or pilferage and our Company, to protect itself and the interests of its customers, takes out insurance policies on parcel post shipments in the same manner that freight is insured.

(3) The item of packing is of vital importance in the successful operation of parcel post. This is especially true with respect to certain countries of Pan America. To pack the goods properly and economically the shipper must be acquainted not only with the local conditions of transportation but also with the climate.

As a general instance, when our Company ships such merchandise as underwear, shoes or glassware to the seacoast towns of any of the Latin-American Republics, we use only ordinary heavy wrapping paper or light wooden boxes but to the interior towns, especially on the northern and northwestern coast of South America, we use waterproof cloth, wooden boxes lined with wax paper or tin, depending on the nature of the merchandise shipped. By paying particular attention to this important matter of packing, our losses have been reduced to the very minimum. In fact, we have made some pretty good records. I remember one case especially well, where we sent an order to one of our customers living in a small town in the eastern part of Bolivia near the Brazilian border, made up of 300 packages of 11 pounds each, and after a trip of thousands of miles over water routes and mountain trails the goods arrived in perfect condition—not a single item missing, not a single item damaged. The packages opened up in perfect condition, just as if they had been shipped from Washington to Philadelphia.

(4) Now let us consider what documents are necessary for shipment by parcel post to the Republics of Pan America. With the exception of Cuba, Nicaragua and Chile, there is no need of any consular documents as the duty is collected according to the weight and valuation shown on a tag that is attached to the parcel post, known as the Custom's declaration, or according to the ordinary commercial invoice. To Chile the consular invoice is necessary when the shipment amounts to \$25.00 or more; to Nicaragua when the amount is \$50.00 or more. These documents are obtainable in the same form and manner as apply to ordinary freight shipments. The Republic of Cuba, to enable her importers to receive the benefit of 25 per cent reduction on duty accorded to goods of American manufacture, requires that shipments of \$5.00 or more be covered by a consular invoice, duly certified by a Cuban consul. If this item is overlooked by the shipper, a fine is imposed by the Cuban Custom House authorities on the goods received. When shipments are for less than \$5.00, it is optional with the shipper whether a consular invoice is supplied and certification when made is free.

(5) It seems that during this distinguished gathering in which there are so many representatives of the Pan American nations, it will be the opportune time to make some suggestions that in our opinion, derived from every day experience, are necessary to make Pan American parcel post more serviceable and competent. We have had abundant evidence recently that such suggestions will receive the fullest consideration of the United States Post Office Department, and there is every reason to believe that the Postal Administrations of the Republics of Central and South America will lend the maximum cooperation.

As I have mentioned before, the limit of weight for parcels varies from 4 pounds 6 ounces up to 22 pounds, according to the country of destination. The Pan American parcel post should have, in our opinion, one standard limit of weight—let us say 22 pounds, with the limit of measurements increased in proportion. The increased weight of parcels will bring benefits to both the exporter and the importer. One registration fee will suffice where two is now required. It will very materially decrease the chances of loss that are always incurred when goods have to go in many parcels instead of one or two. There is no doubt that by increasing the weight, parcel post will become more popular and more useful. This has been proven by experience in our own business, in those countries where the limit was raised from 11 pounds to 20 pounds some time ago.

Postage is another item that no doubt can be improved. The parcel post treaty between this country and the other Pan American Republics calls for one standard rate of postage of 12c per pound or fraction thereof. England employs a much better system of charges. In her parcel post she uses the group system

of postage—from 1 to 3 pounds, from 3 to 7 pounds and from 7 to 11 pounds—the heavier the package the less the rate of postage. This in itself, you can very easily see, is a great incentive to shippers and buyers to increase the size of their parcels and orders.

Consular invoices are demanded by so few of the countries of Pan America that I shall not dwell upon this subject except in a passing way. In our opinion, an improvement to the usefulness of the parcel post can be had by doing away entirely with this requirement. It does not mean much of a gain to anyone in particular and on the contrary is a source of annoyance to both shippers and buyers. In one or two cases that we know of, the local consuls in the interior cities of this country, like Chicago, have not had the authority to certify consular invoices for parcel post shipments. The invoices must be sent to New York which means a delay of several days and sometimes weeks.

At present there is no provision for the sending of parcels C. O. D. This is especially needed to places in Central and South America where the facilities for sending small remittances are inadequate, or in some cases do not exist at all. Besides, Latin-American buyers would much prefer to pay the price of the goods and transportation charges at the time of delivery of the goods rather than to send the money in advance. Many houses like ours would like very much to accommodate them but find they can not do so as conditions now exist. To a certain extent we ourselves have been able to overcome this handicap by using the services of local banks. Parcels are shipped to these institutions and we draw on the purchaser for the full amount against delivery of the merchandise. This arrangement of course can not be made general. I doubt if many institutions are using it. It would be a great thing, therefore, for the parcel post if the United States Postal authorities and those of the rest of the Pan American Republics could get together and formulate C. O. D. arrangements. This would add greatly to the full development of this important medium of trade.

Now Ladies and Gentlemen, I am going to touch on a subject of extreme importance—a subject which I believe has been at some time or other a nightmare to more than one exporter. This subject is the matter of Custom's duties and Custom House regulations. This conference has been called the Pan American Commercial Conference. I consider myself then as in a regular family reunion, in which we are to discuss our problems with the utmost frankness. Do not consider then what I am about to say as mere criticism, but as constructive criticism; it is the only sort of criticism that will make such conferences as this of real benefit. Unless the Custom House regulations are made easier in each one of the Pan American Republics, the parcel post to many people will be only an empty name. It will be used by the few and not by the many to whom it is really supposed to bring the largest benefit. Complicated Custom House regulations may easily defeat the purpose for which the parcel post was established. Nothing, in my judgment, is gained by making Custom House regulations complicated instead of simple. I am a Latin-American myself and have had discussions on this subject with Government officials, private individuals and importers of many of the Pan American nations and without a single exception they all have agreed with me. There is no question in my mind but that the revenue to each Government could be increased very materially by simplifying the Custom House requirements, as this would encourage many people to sell and many people to buy that at present are rather reluctant because of the obstacles of the present day regulations.

Such a ruling as that now prevalent in Colombia—that if articles dutiable under different tariff classifications are mailed in the same parcel they are all dutiable at the rate applicable to the article paying the highest rate—can not be, if I may be allowed to say, but detrimental to the proper development of Pan American trade. This ruling is an obstacle to the advantage gained by the recent increase of weight for parcels from 11 to 22 pounds, for if a merchant has to ship to Colombia half a dozen items of merchandise of different classifications, rather than run the chance of making his customer pay an excessive amount of duty, he packs the goods in six different packages instead of only one.

And this is not the only case. In some countries, duty is collected on the gross weight of the package and an exporter, especially to the interior towns, finds himself very often in the predicament of not knowing just what to do. On the one hand the customer demands that the merchandise must be securely packed so as to insure its safe arrival. On the other hand he also asks that the packing should be as light as possible so the duty will not be out of proportion to the value of the goods ordered. Trying to serve the customer in both cases, the exporter

generally finds that he has failed to do either. This often results in a dissatisfied customer and a skeptical exporter, neither of whom is an asset in international trade.

In Venezuela also, according to a decree of September 26, 1918, wrapping such as cloth, straw and paper used for outer covering will be dutiable at the rate of a little more than 3c per pound. The decree also calls for a special Custom House charge of 29c for each parcel imported from the United States when parcels coming from other countries are only charged 5c. Failure to specify the goods according to Custom tariff will subject the importer to a fine of 15 per cent of the Custom duty.

In others, such as Costa Rica and the Argentine Republic, we have found that the delivery charge surtax placed on the importation of merchandise by parcel post is so out of proportion, especially on small shipments, to the total value that in most cases it makes the transaction anything but economical to the purchaser.

Besides this question of duty there is another important drawback against the extension of the parcel post in Pan America. In such countries as Brazil and the Argentine Republic parcel post packages can only be sent to a limited number of post offices, and if the purchaser happens to live outside of the favored cities, which are few in number, he has to make use of the services of an agent for the forwarding of his goods. Certainly this is not an encouraging feature in popularizing the use of the parcel post.

To show that I am perfectly fair in the matter of mentioning names, I will now call your attention to the injustice that has been done to the Republic of Cuba in the matter of increased weights for the interchange of parcels. The situation is a very peculiar one. The Cubans want a regular parcel post to the United States and I know we Americans want it also. Our Post Office Department has done all that it has been possible to do to put the matter through. But there is a regulation in the United States Treasury Department to the effect that the smallest quantity of cigars that may be imported into this country is 3,000. Now 3,000 cigars weigh over 30 pounds and the Cubans, with every reason, claim that since this regulation stops them from shipping to this country by parcel post one of the leading products of the island, they will refuse to enter into any arrangements for a parcel post treaty. It seems that it is up to the United States Congress to repeal this law. It has been presented to the Ways and Means Committee where, I believe, it now rests although repeated efforts have been made to have it favorably acted upon. There is not the slightest question that something should be done and done quickly in this matter; it is inconceivable that there is no parcel post between the United States and Cuba except a make-shift arrangement for carrying parcels weighing up to 4 pounds 6 ounces, while European countries have arrangements whereby 11 pounds may be sent in one parcel—putting us therefore at a great disadvantage in the matter of trade by mail. This is one of the cases in which a favorable decision by this Government will be of benefit both to United States and Cuban citizens.

Now, Gentlemen, if we are to have a real, serviceable, economical medium of shipping merchandise by mail, we should all get together to rid ourselves of these annoying, petty obstacles that lend themselves to no special purpose whatsoever. If we are to have a Pan American parcel post, let us have a real one and not a poor imitation.

In conclusion, kindly permit me to say that in presenting these views our house does it only in a spirit of real co-operation towards a better understanding of Pan American commercial relations. We are, in the export field, wholesalers as well as retailers. Only a small proportion of our trade goes by parcel post. The bulk of it is forwarded by freight. Therefore is not more vital to us than it is to other shippers.

Before the parcel post came into existence in Pan America, the only persons who had a chance to come in contact with each other in different countries, outside of pleasure seekers, and diplomatic and consular agents, were the big importers and exporters. The parcel post, however, has changed this condition and today it is not only the big importers that get acquainted through commercial transactions, but the little people, the masses you might say. Now the wife of a shoemaker in Peru is able to send her order to New York or Chicago or to, say, other cities in Pan America for goods that she is not able to obtain in her locality. Even boys and girls can buy their toys and sporting goods in the far-distant commercial centers. These commercial transactions and exchanges of products between people of the different countries are bringing about mutual friendship and understanding.

TRADE MARKS AND COPYRIGHTS

PAN AMERICAN TRADE MARK PROTECTION

BY DR. MARIO DIAZ YRIZAR, DIRECTOR OF THE INTERNATIONAL TRADE-MARK
REGISTRATION BUREAU AT HAVANA, CUBA.

(Read at the Evening Session of Wednesday, June 4)

The International Trade Mark Registration Bureau of the American Republics established at Havana in pursuance of the Convention adopted at the Fourth Pan American Conference held in Buenos Aires in 1910, will unquestionably serve as one of the chief measures to bring the American Republics into closer relationship with each other. That Bureau will have as its main object the greatest kind of protection possible for all products to which a trade mark is given. It must be a matter of general interest to all merchants and manufacturers to see the progress made in securing protection of their products and their manufactured goods throughout the American nations. Up to this time, thanks to the efforts of the Cuban Government and the personal interest of President Menocal on the one hand, and to the intelligent and helpful cooperation of the Senate and House of Representatives of this Republic, it has been possible to establish the office entrusted to the supervision of the Cuban Republic with a view to carry out the provisions of the Convention adopted at Buenos Aires. The steps to be taken in getting the mechanism of registration under way have advanced considerably so far as concerns the United States, the Government of which has already approved the regulations of the Bureau and made an appropriation of the quota due from the United States towards the support of the Bureau. The Republic of Honduras is likewise officially known at Havana to have approved the regulations and appropriated its quota. Similar action is expected in other countries, of which unofficial word has been given indirectly to the Bureau, as in Nicaragua and Panama.

The practical aim is to enable merchants and manufacturers to deposit their trade marks in the countries which constitute the Pan-American Union, and in a simple and economical way, to secure extension through the International Bureau at Havana of the protection given at home. With the application for such extension of trade mark protection, will go a money order of \$50.00 and an electrotype of the design of the mark. The Patent Office at Washington for example, will transmit the application to the International Bureau at Havana together with a description of the mark. The International Bureau at Havana will enter the application immediately upon receiving it from Washington in the official registration book kept for the purpose. Official copy with all relevant details will be sent to each of the nations of the Northern Group for the purpose of study by their trade mark officials. If these officials, after examining the data referring to the mark, find no legal reason based on their national legislation which will prevent the extension of trade mark protection to the mark in question, they will confer upon it full protection within their respective jurisdictions.

The American nations according to the Convention are divided into two groups, one comprising the eleven republics of North and Central America and the West Indies, the other the ten Republics of the continent of South America. The Office of the Northern group is now established at Havana, that of the Southern group will be at Rio de Janeiro. In order that a given mark may be protected in the Southern Group from the moment that the Bureau at Rio de Janeiro shall have been organized, the Bureau at Havana will begin automatically to furnish the authorities at Rio de Janeiro with all details relating to each of the marks submitted to Havana. Thus from the very outset of its operation, the Rio de Janeiro Bureau will have a complete record of all the trade marks submitted by the countries of the Northern Group to the Havana Bureau for international trade mark protection. The economy of this process will readily impress those who stop to think that the entire operation will take place at an expense to the applicant of \$50.00 plus the cost of his money order, his electrotypes and some other trifling incidental expenses. At the present time, the deposit of a foreign trade mark merely for the purpose of registration in one American country alone, costs the applicant much more than it will now cost him for protection in all of them derived through this office. Another one of the several advan-

tages of this arrangement is to be found in the six months' priority given to the applicant over any applicant for a similar mark submitted in any one of the American Republics which have ratified the Convention. For example: Let us suppose that a merchant has in the United States a registered mark X for a certain brand of shoes and wishes to secure that mark in Cuba, and that a Cuban merchant may have applied on May 1st for that mark X as a trade mark for shoes. If the United States exporter uses the usual process by means of certification of the mark through an agent in Cuba for the purpose of depositing it, it may well happen that the agent will for one reason or another allow time to pass by and his submission of the mark for registration may take place a day or two after the mark X has already been applied for by the Cuban merchant. In such a case the United States manufacturer would be denied protection. On the contrary, if his claim is presented through the International Bureau it will be a matter of no importance whether or not a Cuban merchant may have made application for that mark one or three months prior, inasmuch as under the Convention this mark registered in the United States will enjoy six months' priority over any other identical mark applied for.

In broad outline, these are some of the advantages to be derived from the establishment of the International Trade Mark Registration Bureau. It is a matter of great urgency that not only this Bureau should soon begin to function in a normal way, distributing its bulletin and being in direct and normal contact with the trade mark authorities of the various countries, but that also the other Bureau at Rio de Janeiro should begin operation. Seven ratifications were required in the Southern Group before the Convention would become effective. At this time five of the countries in that Group have ratified the Convention and five others have still to take that action. It is the earnest hope of all interested in this practical and important subject, that at least two of the Governments concerned will see their way clear to take this action without delay; and that the others will not long delay in making the same favorable decision. If two more ratifications in South America can be secured within a short time, it will be possible for the Brazilian Government to set up in actual operation the Bureau at Rio which will be the counterpart and complement of the one over which I have the honor to preside. The two Bureaus will work as one through a weekly exchange of all records entered officially, and protection will be evenly secured through both of them as if there existed but one office. Nothing will so greatly promote the closer relations, commercial and financial, of our various peoples in this hemisphere as the assurance of the tranquil possession of all valuable rights acquired through the improvement of industrial and commercial values. The degree of protection which an organized community sees fit to give to trade marks will, in a way, determine the standard of respect for the acquired rights of commerce and industry throughout the world; and the willingness of Governments to cooperate frankly and cordially in giving effect to an instrument for international protection of such industrial and commercial property as the trade mark, will be the index of their broad international vision and sound commercial policy.

And now, before concluding, may I be permitted to refer to the kind remarks of the Vice-President, the Hon. Thomas R. Marshall, in his inaugural address at the opening of this Conference last Monday, when he said that we of the Latin race should see in the people of the United States real brothers. The ideal of brotherhood herein depicted was also developed in other language in the notable address of the Speaker of the House of Representatives, the Honorable F. H. Gillett, the same day.

The sentiments, gentlemen, expressed by Mr. Marshall and Mr. Gillett were not mere words of courtesy, but they are expressive of a fundamental reality, namely, the genuine feeling of this great nation for us of the Latin family.

I would not consider myself as complying sufficiently with my duty did I not here pay due tribute to this spirit of cordial friendship to which in fact, I owe such measure of success as I have had in the administration of the International Registration Bureau at Havana.

The full and disinterested assistance given to my by the Honorable L. S. Rowe and by Dr. C. E. McGuire, Secretary and Assistant Secretary of the International High Commission, has been a factor of importance in my work. These officials of that organization, which is well-known to the Latin peoples for its effective realization of the plans for technical uniformity of the American Republics, and which is due to the powerful initiative of one of the men of great-

est vision in the hemisphere, Secretary McAdoo, have done their utmost to make good the sentiments contained in the words of Vice-President Marshall and the Speaker of the House of Representatives. They both, Dr. Rowe and Dr. McGuire, have, in fact, dealt with me more than as a friend, even as a brother.

Likewise, the sage advice which I have received from the chief authority of the United States on trade marks, the Honorable J. T. Newton, Commissioner of Patents, has been of great service in the process of organizing the office at Havana, and I ought frankly to say that Mr. Newton has even gone beyond what we may venture to call the "Marshall-Gillett" doctrine, since he has advised me rather as a father than as a brother.

What I have intimated, gentlemen, is obvious and clear. No one of you, on entering this building thinks he is entering merely the "Pan-American Building" as it is called, but he feels as I feel, that he enters his own house.

And when we clasp the hand of the Director-General, the Honorable John Barrett, no one of you, any more than I myself, will think he is merely greeting the great organizer of this significant gathering, but due to the kind welcome which Mr. Barrett has for us, we all believe that we are dealing with an old family friend.

In the name of the Government and people of Cuba I beg to extend to those entrusted with the organization of this Conference, the expression of our most sincere and enthusiastic congratulations upon its complete success.

PROTECTING GOOD WILL ABROAD

BY SEÑOR ENRIQUE GIL, OF ALDAO, CAMPOS & GIL, COUNSELORS AT LAW,
NEW YORK CITY AND BUENOS AIRES.

What is the value of the "good will" of a business in the United States?

Many of our leading corporations have answered this question in round figures, which are listed below.

Vitagraph Co., \$5,990,372; United Drug Co., \$9,974,213; U. S. Worsted Co., \$4,348,881; American Piano Co., \$3,790,723; American Cotton Oil Co., \$11,635,886; American Graphophone Co., \$1,500,000; American Pneumatic Service Co., \$7,943,597; Imperial Tobacco Co., \$26,816,801; Liggett & Myers Tobacco Co., \$39,073,021; American Tobacco Co., \$54,099,430; Butterick Co., \$9,186,065; Cluett, Peabody & Co., \$18,000,000; Dennison Mfg. Co., \$1,000,000; Studebaker Co., \$19,807,277; Underwood Typewriter Co., \$7,995,720; Willys-Overland Co., \$14,059,932; F. W. Woolworth Co., \$50,000,000; Regal Shoe Co., \$2,500,000; Chandler Motor Car Co., \$5,000,000; Westinghouse Air Brake Co., \$2,790,515; Electric Storage Battery Co., \$11,000,000; Hart, Schaffner & Marx, \$15,000,000; Fisk Rubber Co., \$8,000,000; Maxwell Motor Co., \$26,500,000; U. S. Radiator Corp., \$4,000,000.

The above figures, taken from Moody's Analysis of Public Utilities and Industries, for 1916, at the beginning of our export trade expansion, show clearly how valuable some of our leading corporations then regarded their good-will, trademarks and similar assets. To what extent is good-will increased by foreign trade expansion, and how can its owner insure that this good-will abroad shall be retained?

What Is Good-will Abroad?—It is an easy matter for a manufacturing firm putting out a high-grade article under a well-advertised trademark in the United States, to build up and retain a valuable good-will in this country, but this is not the case in selling in foreign markets to people speaking different languages and particularly when all dealings with the foreign public take place through export agencies trying to create a good-will for themselves, rather than for the manufacturers of the goods they are selling.

Building Good-will in the Export Trade.—It is clear that it is considerably more difficult to build up good-will in the export trade than in the domestic trade. This is not merely because export advertising is done at a long range, and in many cases the American concern does not know just the kind of advertising matter which will best appeal to the foreign public. More often than not, the foreign public never gets to know the goods of a particular American manufacturer by his trademark, because the American trademark is not distinctive to the foreigner. One of the first principles in building up good-will abroad is to choose a trademark

which will be distinctive in the various foreign countries. Naturally, where the trademark is extremely well-known, and considerable money has been spent upon advertising it, it would be foolish to abandon it merely because it might be possible to choose a more distinctive trademark. But where the American concern is going into the export trade for the first time, it is well to consider the proposition of choosing a special mark for export. Coined words, which have a special significance in the United States, such as "Uneeda," "Auto-Strop" and "Hole-Proof," while having similar value in English-speaking countries, lose this "catchy" quality in the Spanish-American and other foreign language countries. Marks of this character are not so universally adapted to build up good-will in foreign trade as picture marks. Just as one word in the Chinese language looks to us very much like another, so word marks in the English language have very little distinctive value in the Far East, or in any foreign country where dealings are had with an illiterate public. Many American concerns dealing with such a public use a so-called "chop" mark, that is, a picture of an animal or an object of universal interest, either alone or associated with their regular mark, and thus insure the growth of good-will in such foreign markets. Concerns about to enter the export trade should consult someone familiar with the best type of trademark for the foreign market before arriving at a hasty conclusion, because once a trademark has been chosen, it is an extremely difficult matter to change that trademark at a later date.

Retaining Good-will Abroad.—Just as it is more difficult to build up good-will in the export trade, so it is more difficult to retain that good-will. The pitfalls are entirely different from those met in the domestic trade.

Whereas, in the United States, the piracy or stealing of a trademark is practically unheard of, this practice exists nearly all over the world outside the United States, and the American exporter who wishes to retain his good-will in the foreign countries must take full cognizance of this situation, and act accordingly. To those exporters who are not fully familiar with the reason why piracy is so prevalent abroad, it may be stated that the laws of many of these foreign countries are based upon a conception of trademarks as property which is entirely different to our own. In the United States the exclusive right of the owner to the trademark is acquired by the use of the trademark by the owner. In the South American countries and most of the European countries, ownership in the trademark is acquired by going to the Government Trademarks Office, filing an application, paying a Government fee, and receiving a certificate of registration. This certificate of registration is granted irrespective of whether the mark has been used by the person claiming to be the owner, and irrespective of whether it has been used by any other person, or whether the person attempting to register it has stolen it from another. An appreciation of this situation shows very clearly that under the laws of these countries, the American who does not register his trademark is not the legal owner thereof, no matter how much he has used it, and the person who does register the trademark thereby becomes the legal owner of the trademark.

The unauthorized appropriation of trademarks is not by any means limited to the Latin American countries. The laws of practically every country in the world, outside the United States, permit the registration of marks which have not actually been used by the owner. In Great Britain and her Colonies, for instance, a registrable trademark is not only a mark which has been used in the business of the owner, but also a mark which is intended to be used in the business of the owner, and it is quite possible under the British and Colonial laws, to register trademarks which are merely intended to be used, but in actual practice have not been used.

U. S. Government Warns Exporters.—Only recently the United States Department of Commerce issued a report to the effect that the registration of trademarks in the various foreign countries may be regarded as one of the fundamental steps of preparation for after-war trade; that foreign trademark registration is perhaps of even greater importance now than under normal conditions, in view of the reported activity of enemy agents and others in appropriating American trademarks; and that any article worth advertising abroad is worth protecting by means of trademark registration. In particular, the Department of Commerce has drawn the attention of exporters to the fact that the countries of Latin America have furnished a particularly profitable field for the registration of trademarks for speculative purposes, and that nearly every issue of the official bulletins of some Latin American countries contain applications for trademark registration that are evidently fraudulent, or at least unauthorized. Our Government has stated that

names of automobiles, motor trucks, pharmaceutical preparations, and other articles, the sale of which depends largely upon advertising and good-will, have been particularly subject to misappropriation, and that recently, a single firm applied for the unauthorized registration of the trademarks of six amongst the best-known American cars.

Ethical Reasons for Stealing Trademarks.—So prevalent has appropriation of trademarks become in the Argentine Republic, that attorneys who make a practice of representing domestic concerns in the Argentine, such as firms of importers, have actually evolved an ethical reason for appropriating the trademarks of American manufacturers. This ethical reason is that if the Argentine concern representing the American company does not steal the trademark, it will be stolen by some one else. These ethics are preposterous from the standpoint of the American manufacturer, and yet from the standpoint of the Argentine importer, it is better for the American to have his mark stolen by a friend, than by some less disinterested party. Experience has shown that when these "friends" have been requested to assign the Argentine marks to the American concern, excuses are made which lead us to believe that, after all, our Argentine friends wished to have a hold on us which would forever preclude us from dealing with any other concern in the Argentine in goods bearing the trademark in question. Because of these circumstances it is necessary to lay down the rule that no dealings should be had with parties in the Latin American countries until the trademark application has actually been filed in the Trademarks Office. Any exporter who fails to take this precaution cannot complain that he has not been adequately warned. Some of the more conservative of our manufacturers, who have thought where ignorance is bliss 'tis folly to be wise, have awakened to the realization that their ignorance and blissfulness have cost them their trademark rights in countries in which they might otherwise be doing a successful business today.

Trademarks Represent Export Trade Insurance.—Many manufacturers are alive to the simple fact that foreign trademarks represent the insurance policy on the good-will of their export business. The fees which are paid for trademark registrations represent the premiums which are paid on the insurance policy. By registering trademarks in the various foreign countries, the exporter thereby insures the good-will of his export business, and the money and effort which he has spent in advertising his goods and developing his trade in those countries. An estimate of the costs in annual payments of insuring the good-will in an export business, no matter whether it be great or small, shows that the average cost per annum of insurance by trademark registrations in the leading foreign countries amounts to less than \$6.00 per country per annum. This cost is extremely low as compared with the cost of insurance of other forms of property which are not nearly so liable to be stolen or appropriated as foreign trademark property. I have never yet seen a case where a lawsuit conducted in one of these countries, in order to recover a mark that has been stolen, has cost less than the cost of registration in most of the countries taken together; and in many instances I have seen cases where money ill-advisedly spent on litigation has been merely thrown away, since it was entirely impossible under the laws of the countries in question to recover the trademark which had been appropriated.

Conclusion.—If this country is to hold its place in the export field, it must be by understanding the conditions as we find them abroad, and succeeding in spite of them. The exporter, who, knowing of the conditions as to trademarks abroad, decides that a big fuss is being made about nothing, and that he will take his chances, is building his foreign business on a foundation of quicksand. There is only one rule as to trademarks in the foreign markets, and that is no protection without registration.

COPYRIGHT RELATIONS BETWEEN THE UNITED STATES AND THE LATIN AMERICAN COUNTRIES

BY RICHARD C. DE WOLF, OF THE WASHINGTON, D. C. BAR.

(Read at the Evening Session of Wednesday, June 4.)

The privileges of the copyright law of the United States are now open to citizens of fourteen of the Latin American States: Bolivia, Brazil, Chile, Costa Rica, Cuba, the Dominican Republic, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, and Salvador. Authors, artists, composers of

music, or makers of photographs who are citizens of any of the countries named can, therefore, secure the sole and exclusive right of reproduction of their works in the United States for a period of fifty-six years (a first term of twenty-eight years, with right of renewal for a second twenty-eight years). Of the remaining Latin-American States, all, or nearly all, have signed the Pan American Copyright Convention of Buenos Aires and as soon as they shall have ratified this Convention their citizens will likewise be entitled to copyright in the United States.

Up to the present time, few citizens of the countries named have taken advantage of their privileges. This is to be regretted. The formalities required in order to secure copyright in the United States are quite simple and the expense is slight. The first and most important thing is the printing of a notice on the book, or picture, or musical composition, or photograph, stating that it is copyright property and giving the name of the owner and the year of publication. A copy of the book, or other work, should then be sent to the Copyright Office, Library of Congress, Washington, D. C., in order to secure registration of the right and a certificate which can be presented in court, if necessary, as evidence.

It is very important to remember that these things must be done *at the time when the work is published*, otherwise it will be too late to secure the protection. The law requires the notice claiming copyright to be printed on the work at the time it is published, and if this is not done, the lost protection cannot be revived afterwards. Likewise, the copy of the work sent to the Library of Congress for registration must be sent promptly after publication. In some years of experience in the Copyright Office, the writer has very often seen cases where the author, or publisher, to use the expressive Spanish proverb, has come running with water after the house was burned down. Perhaps when his work was published he did not think there would be any sale for it in the United States. Then, two, or three, or five years later, there comes a sudden demand for the work. Some critic praises the book, some virtuoso plays the musical composition in the concert hall, and the author, or composer, sees to his chagrin, that large sums of money are being made from his work of which he receives not one penny. He could just as well have got protection for his work and reaped a profit from sale in the United States, had he used a little foresight and taken a little trouble at the time of publication.

At the Second Pan American Conference many speakers have expressed a wish for a better more sympathetic understanding, between the United States and Latin American countries. The best way to understand a country is to study its art and literature and music. We cannot all meet in person and speak to one another, but we can exchange our books and pictures and music and through this means millions of people can come to understand each other. Therefore I would say to Latin Americans: Send us your literary works, your music, your magazines, your pictures, and secure your just property rights for them under the copyright law. You may not think there is any large market for your works now, but before many years—perhaps in a short time—the rapidly increasing interest in everything pertaining to Latin America which we in the United States are coming to feel will make your copyright very valuable.

TRADE REGULATIONS

CONSULAR REGULATIONS AND OTHER TRADE ANNOYANCES

BY VINCENTE GONZALES, TRADE ADVISER, MERCANTILE BANK OF THE AMERICAS,
NEW YORK

(Read at the Evening Session of Wednesday, June 4)

Without any desire to criticize, but only for the purpose of exposing facts in order to secure relief, the following remarks are offered regarding what can be called a nuisance in our trade with Latin America.

Consular and other Latin American Customs regulations, because of their interminable variety and continuous changes as well as because of their diversity, have become a source of permanent annoyance.

Consular invoices were primarily intended to assist Governments in compiling statistics and checking imports for revenue reasons. But, gradually they have been diverted from their original purpose and have become an integral part of export documentation to an extent that evidence of shipment, and therefore theoretical possession of goods, is not complete without them.

Commerce can afford to add one or more papers to complete, or perfect, records of any and all transactions if only the same procedure were to be followed for shipments to all countries.

This is not the case. Every other country has different regulations, which are changed, amplified or extended almost continually, imposing eventually further restrictions and formalities until the whole matter is unbearable.

No two of the twenty countries have the same regulations regarding bills of lading, consular invoices, marks, values, penalties, and others. No two of them have the same charges, office hours, and other requirements. They are all different in essence or in form.

As early as 1890, that is, 29 years ago, when the First Pan American Congress met in Washington, it was resolved to recommend to all the Latin American countries, forming the now Pan American Union, the study of a plan to make all these regulations uniform.

Since then, and during these 29 years, there has not been a meeting of business men gathered for the purpose of discussing Latin American trade that has not again and again recommended the same: the uniformity of Customs and Consular trade regulations.

It seems that this is the most unfortunate question. No one can explain why nothing is done to relieve the situation after so much has been said, written, recommended and resolved. After 30 years we find conditions worse than ever.

An exporter today has to carry an encyclopedia in his head in order to know what he can and what he can not do. He has to know the different names given to the same article in the different countries; the tariff peculiarities of each with their more or less complicated provisions regarding the several forms of estimating the gross, net, legal and actual weights. He has to know how each article is classified in every tariff, and when and why he has to declare measure, weight, size, form of packages, containers, etc., how he has to mark the inside and outside packages, how he has to number them, what besides marks and numbers has to be mentioned on the package, and when can he use a brush and/or stencil and when the latter only. Otherwise he may make himself liable for damages due to unwilling mistaken declarations.

Description of goods in consular invoices is not the worst of the troubles. Often the task of fulfilling instructions and yet expressing the truth is just as bad. The "saving" of duties and other charges is looked upon very lightly by some people while we may consider it flatly as an attempt to defraud the Government of its legitimate taxes. Along these lines the conscience of some people is wonderfully elastic, and they do not think they are doing wrong until found out and they have to suffer for it.

A customer instructing the shipper to declare "silk shirts" as "shirts" only may have the intent of "passing" them as "cotton." The shipper may suspect this intention and refuse to assist and will declare the goods as they are. He may have to face a loss for not having followed instructions. Furthermore, he may lose a customer, who still thinks and feels he is honest. But he does not care to compromise with his own conscience.

Some countries confiscate goods when undervalued in the consular invoice; others establish their right to "take them for declared value"; others will impose heavy fines, while others, more lenient, may only disregard the declared value.

Some countries demand original manufacturer's invoice to verify the value, an unnecessary requirement, as duties are almost everywhere specific on the weight, measurement or contents.

Some countries demand that separate invoices be made for each different mark, while others permit the consolidation of several marks into one invoice. Others go as far as fixing the minimum size of marks on packages.

In other countries the absence of Consular invoice makes goods liable to double duty.

However, all these troubles would be greatly minimized if all were to be cut on the same pattern. But to have to follow twenty different "sets" of regulations changeable with or without notice and to keep track of all these changes at the expense of a good name or good money is beyond endurance.

The peculiar requirements of each country exacted from their Consular officers force them to issue regulations of their own concerning the time when shipping papers including consular invoices must be in their hands and when and how they are to be delivered. In some cases regular gymnastics have to be resorted to in order to mail all papers by the same vessel carrying the goods, avoiding imposition of fines to importers should they not arrive in time.

Then comes the matter of actual papers to be presented for certification. Some countries demand bill of lading and Consular invoice, some the first only, some the second. Some, in addition, require certificates of origin, of health and others. Some require oath before a public notary, some before the Consul, some are satisfied with signature only.

Some countries demand as little as two copies of the invoice, some as much as seven. Blank forms are sold at different prices, one country charging as little as six cents for a set of six copies and another as much as seventy-five cents for four copies..

Consular charges proper are also different.

Only one country (Costa Rica) makes no charge for certification of other consular invoices or bills of lading.

Two (Argentina and Uruguay) require no consular invoice and charge a small fee for certifying bills of lading.

One (Paraguay) charges a small fee for certifying bills of lading, and another fee, also small, for certifying the Commercial Invoice.

Two (Nicaragua and the Dominican Republic) collect consular charges at port of entry, the first collecting a small fee for certifying bills of lading.

Two (Brazil and Haiti) charge a small fee for certifying Consular invoices and another small fee for certifying bills of lading.

Five (Venezuela, Cuba, Honduras, Panama and Salvador) charge less than 1 per cent for Certification of Consular Invoices.

The first named not charging for certifying bills of lading, the other four charge fee of \$1.

One (Chile) charges 75 cents for certifying each copy of the bill of lading and a sliding fee of less than 1 per cent for certification of Consular Invoices.

Three countries charge 2 per cent. for certifying Consular Invoices (Guatemala, Peru and Bolivia). Guatemala only charging a fee of \$1 for certification of bills of lading.

Three (Colombia, Mexico and Ecuador) charge 3 per cent for Certification of Consular Invoices and nothing for bills of lading.

The charge of a small fee for certification of Consular Invoices is perfectly reasonable. The United States also makes that charge. But when a regular percentage is charged, as high as 3 per cent—it is nothing less than an import duty collectible at the port of shipment, and which, as a rule, adds to the amount that has to be advanced by shippers usually on credit. Buyers pay all these charges in the end, whether as a specific expense charged on the invoice or as an increase in the price, but that does not destroy the fact that the American exporter is advancing other than the cost of goods and natural expenses.

However, this would not matter, if only such charges were all alike. But, as mentioned above, there are nine different forms of collecting them.

A few other countries require declaration of shippers regarding the value of goods, as do Canada, Australia and New Zealand. But such declaration calls for no formalities and no fees and does not call for an advanced knowledge of Customs

tariffs or regulations on the part of the shipper. It is intended not only as an evidence of dutiable value, but also as a warning against the dumping of goods at lower than market prices which those countries wish to avoid.

We cannot very well ask for the abolition of all these formalities, as we also have them. All goods shipped to the United States must bring a consular invoice signed before the American Consular officer at place of shipment, and we, also, have some inconceivable red tape in the matter of regulations on imports.

We can, however, ask for certain uniformity in such regulations, as they all tend to the same purpose.

Consular officials are supposed to know thoroughly these Customs regulations, and should advise shippers, warning them of all possible liabilities falling on them because of unwilling violation of such regulations, wrong declarations, etc. But, as a rule, consular documents are made after the goods are practically on board, and certification is requested by all shippers at the same time, giving the Consul and his staff barely time for affixing seals and signatures. It is enough to see a Consulate on mail days to verify this statement.

To fill the need of Governments for some basis of checking imports and assisting in the compilation of statistics, it should be sufficient for the shipper to sign a Consular Invoice, sending a copy certified by the Consul to the consignee together with the bill of lading, the carriers furnishing the Consul with a copy of the bill of lading.

Whatever these documents say, the Consul cannot verify the truth nor what is written on them serves as basis for the collection of import duties at destination in Latin America. All goods are examined at the time of their clearing and discrepancies can be penalized at the expense of whoever commits the fault, excepting, of course, honest mistakes which can be proved.

Description of goods should be made as simple as possible. The only object in this description on the Consular Invoice is to assist in compiling statistics, as duty is not collected on what the invoice says, but on what the goods are. There are goods sold by the yard—according to width, but not according to weight as a whole or per square yard. Some countries charge import duty according to the weight per square yard or meter, a detail the shipper has no interest in, and yet he has to declare it in the invoice, becoming liable for any mistakes. Statistics do not show the quantity of each specific quality imported. As a rule, they are classified as "Woolen Goods" or "Mixed Goods," etc. In some other countries duty is collected according to the proportion of mixture (in textiles), some as to the surface, some as to the value, some as to the weight, some as to the volume. Sometimes it is physically impossible for shippers to ascertain exactly the proportion as required and a mistaken declaration might make them liable to a loss.

It should be enough to describe the goods as, i. e. all wool, mixed wool and cotton, mixed wool and silk, etc.

Some countries demand that the shipper mention the class under which the goods are classified at place of destination, sometimes even giving the paragraph number. Any mistakes, of course, make the shipper liable for excess of duty, if any.

This imposes on the shipper the necessity of becoming an expert customs appraiser in that country for the sake of just a few shipments every year; this he cannot afford to be.

There is one other matter that may be mentioned at this time. It is the question of inviolability of the right of holders of bills of lading.

It is an open secret that in some countries prospective owners can obtain delivery or release at Custom Offices without presenting original bills of lading—only document that conveys right of possession. It is said that the mere mention of a man's name as notifyee on an order bill of lading or the fact that the consular invoice mentions his name as "for whose account the goods have been shipped" will permit him to secure copy of consular invoice and bill of lading, issued by a Customs official and that with these copies he is allowed to make entry and take actual delivery on payment of duties, if any.

While this may not be a regular practice in all the twenty countries and honest merchants would never resort to a crooked way of obtaining possession of goods, it has happened unfortunately often enough to justify a demand for protection in the future.

Custom offices are mere trustees for both the shipper and the consignee, whoever he may be—a direct one as mentioned in the bill of lading or the legitimate holder of an "order" bill of lading. Although all bills of lading state the obligation of the carriers to deliver goods shipped to a consignee (specific or to be known

later) at destination, he does not make nor can he make such delivery. The goods are all delivered in bulk under rough inventory on arrival to the Government who keeps them in trust until legitimate right of possession be shown and duties, if any, paid. Such goods are held in trust only, although the State holds a natural lien on them for duties and charges.

The State should then, in fulfilling its trust, deliver only to whoever shows irrefutable right of possession—whoever gives evidence not only according to the laws of the country but also according to the laws of the country where the goods were shipped.

All countries recognize the holder of an order bill of lading, or the consignee of a direct one, as the legitimate possessor of the goods represented, and the State on actually seizing the goods on arrival makes itself Trustee of the possession only. It never acquires nor can it transfer the *ownership* of such goods. It cannot make delivery to other than the rightful possessor or his legal transferee. The Consular invoice does not and cannot transfer the right of ownership nor the right of possession. It is only a document issued for the convenience and protection of the rights of the State. But the protection of its rights can never go as far as making delivery of such goods to other than the legitimate possessor, be he the owner or not. The State has no right to interfere in the transfer of ownership, which is a right exercised only by legitimate owners. It may confiscate goods for violation of its laws, it may destroy them for the same reason, but it has no right to deliver to anyone goods of which he has no right of possession.

The only evidence of right of possession of goods transported from one place to the other is the holding of the bill of lading duly endorsed or duly directed.

Furthermore, the State, as trustee, should *protect* the rightful possessor and prevent anyone else from taking possession.

If sufficient protective provisions are not mentioned in the Customs Laws and Regulations, they should be decreed so as to satisfy the confidence of all shippers. They should be so precise that everyone should know that goods will not be delivered except in compliance with the instructions of the rightful possessor—the holder of an endorsed order bill of lading or the consignee in the direct one.

In this regard it might be convenient to pass legislation (or Executive regulation as the case may be according to the laws of each country) making it unmistakably clear that consular invoices do not in any way bestow upon any person rights of ownership or possession and that they are merely auxiliary documents intended to assist the Government in compiling statistics and verifying details of goods imported for the purpose of revenue only.

There are only four countries in the whole world who do not recognize the "order" bill of lading, the four in Latin America: Colombia, Venezuela, Panama and the Dominican Republic.

The advantages of the order bill of lading are too well known to need any further comments, and it is hard to understand why those four countries, usually progressive, are still adhering to the antiquated system of demanding only direct bills of lading.

Credit is more easily and cheerfully granted when goods are shipped and drafts drawn against bills of lading than when on open account. No drafts can be drawn against direct bills of lading and therefore credit in those four countries has to be restricted to just as much as can be sold on open account or against unprotected clean drafts.

In some cases, and to obviate the difficulty, goods are consigned to a bank requesting that they be transferred in bond upon acceptance of draft attached. Very few banks will accept the consignment because of responsibility incurred on becoming importers. Besides, it is a very roundabout way and drafts drawn on a merchant with bill of lading to the order of a bank cannot be negotiated except after acceptance of such drafts.

There is no doubt that if the Governments of the four countries were requested to lift the unnecessary and cumbersome restriction, they would not hesitate in doing so. Their countries would be the first to enjoy the benefit as they would command better and larger credit everywhere.

It is true that when the buyer is inland, the bills of lading would have to travel to his place of business and back again to the coast, causing a loss of time perhaps longer than the Customs grant for making entries. It is also true that the clearing of the goods would be delayed until arrival of shipping papers duly endorsed. The difficulty would present itself in only one country—Colombia—

where merchants in Bogotá and other interior cities might be handicapped by unusual delay. But this can be easily arranged by granting extension of time and holding copies of bills of lading at the agency of collecting banks in the port of entry. The banks collecting drafts against merchants in Bogotá, Medellín, Manizales and other cities have, all, branches or agencies in Barranquilla or Cartagena. Copies of bills of lading could be mailed to them by shippers, the banks making entry or endorsing to customer's agents upon telegraphic instructions from the bank or branch at buyer's place of business. Anyhow, the matter is of little importance to prevent the adoption of a principle so advantageous to trade as a whole.

Another matter worth mentioning is the diversity of taxes and regulations regarding traveling agents or salesmen.

In no two countries are these taxes and regulations alike. Some countries have established a tax for the entire country, others for each province, and others for each (or some only) of the municipal districts. The tax, in some cases is so high that it makes it prohibitive for all except the few privileged large concerns who enjoy this advantage against the smaller ones.

The principle of taxation seems to be that the travelers "do business" and that were they not taxed they would have an advantage over the domestic concerns who pay income tax and other dues. Should this reason be accepted the same should apply to all concerns "doing business" by mail, they are not taxed and still they "do business."

It is confusing the traveling salesman with the peddler. The distinction, however, is evident. The traveling agent takes orders, stimulates the trade, theoretically, and is no more than what can be called a "living letter."

They do not sell merchandise except to importers (or would-be importers) but never to the public directly. So long as they do not carry merchandise they are not merchants, they are only agents for a foreign merchant who might avoid the tax could he be convincing enough to sell by mail only.

The occasional visit of traveling agents, as stimulating the trade as a whole, is nothing injurious to the country, it deprives nobody of anything and rather they assist in the advancement at large of the country by introducing new articles of consumption, arousing healthy competition, teaching new methods of production and distribution, expanding the commercial knowledge of the people and what is more important, serving in the end as living propaganda for the countries they visit. No better actual information is obtained of the world itself than is furnished by traveling agents who in fulfilling their mission, study the different countries and circulate more or less profusely the information gathered. There is no reason on earth to penalize them.

Every country has a right to impose its taxes, and the right of so doing, in this case, is not questioned.

But again we have the annoying diversity of them and their unreasonableness in some cases. Also the diversity of regulations to which they are subject.

It would be reasonable to establish a tax, if it has to be, commensurate with the importance of the business done. If a man can sell one million dollars in a country in one trip, he should pay more than the one who can sell ten thousand. A lot would be gained if such tax was graded covering not the actual traveler but the firm he represents so that within the economic year another traveler of the same firm would not be taxed again. The more men that visit a country the better.

Finally the question of duties and regulations on samples and other means of publicity is another annoyance that stands in the way of a smooth and rapid expansion of trade. Regulations of samples and advertising matter, with or without value; are not alike in scarcely two countries out of the twenty.

Some countries allow the importation of travelers' samples in bond; others collect duty and refund a part of it if re-exported within certain time; others treat them in a different way.

There is no question as to the right of each and every country of establishing all kinds of regulations to suit themselves, with or without reason. But they are all naturally interested in advancing their trade at large and inducing the settling of more people and their interest in the country. Trade is the best inducement, and all that helps trade is, or may be, a factor in the inducement.

It may be far fetched to link the better facilities granted to samples with any kind of improvement to the country. However, small factors combined with each other, and with other large ones, achieve, in the end, sometimes what never could have been expected.

Facilities granted to the importation and display of samples may serve to stimulate competition from other countries and improve trade in general. New articles which must be demonstrated do not succeed if described on paper alone. New designs may not be well shown except in fact.

It is true that too many facilities may breed abuse and that the trade and the Government may suffer because of free importation of samples of articles which are not intended as such. But this can be duly regulated everywhere on a similar pattern. Social and ethical conditions are almost the same in the twenty countries and the experience of all combined may produce a very reasonable and intelligent manner of treating them in all.

Advertising is more or less handicapped in some if not all the twenty countries. The circularizing of catalogues, pamphlets, posters, etc., should be encouraged rather than restricted everywhere. No modern business can today live if it is not properly supported by advertising which is perhaps the finest and most subtle form of valuable and agreeable instruction.

These comments are not new. As said before, some are as old as 30 years. They are repeated with the idea that perhaps at this gathering of practical men something more efficient than has been done might be done now.

All the recommendations and resolutions of the different Pan American Conferences, while tending to the same end—the betterment of commercial relations between the United States and its twenty sister republics—have too long a course to follow to achieve results.

It might be better to proceed at this time in a different way. Instead of appealing to the Governments through official channels, via the State Department and the Ministry of Foreign Affairs and Finance, etc., why not appeal to them through the commercial channels? Send a few men to visit those countries on behalf of the commercial organizations of this country. Let them appeal to the business men in Latin America and, with their support, appeal to each Government requesting the adoption of what is asked for. They are all reasonable, they are all interested in the welfare of their countries. They can see that no underhand profit is sought for, no business involved, and that it is just as much to their interest as to ours to improve conditions.

And let them stay there until it is done. Otherwise we will continue to talk, write, recommend and resolve without any other result than the poor consolation of having tried again in vain.

SOUTH AMERICAN TARIFFS

By DR. F. R. RUTTER, STATISTICAL ADVISER, BUREAU OF FOREIGN AND DOMESTIC COMMERCE.

(Read at the Evening Session of Wednesday, June 4)

There are three features of South American tariffs to which the American exporter takes exception. He objects to the form of the tariff and to the numerous surtaxes because they complicate the system unnecessarily and make it difficult to ascertain the exact contribution that his shipment must bear. He objects to the rates of duty in force as unnecessarily high and as bearing no obvious relation to the character and value of the goods. He objects to the methods of administering the tariff and especially to the numerous fines imposed, often for acts or omissions of which he was unconscious.

Without question the tariffs of Latin-America are far more complicated than those of any other region. During the eight years that have elapsed since the meeting of the first Pan-American Conference there has been distinct improvement: Colombia and Chile have adopted straight specific rates of duty in place of the systems formerly employed. Salvador has eliminated the complicated system of assessing duties and has consolidated the surtaxes into a single rate for each article. Three years ago Ecuador imposed surtaxes of 125½ per cent in addition to the rates of duty prescribed in the tariff. These have now been consolidated into a single rate, but just recently a new surtax has been imposed. Paraguay has also united its surtax with the regular import duty.

There has thus been distinct progress in the simplification of the tariffs, although much is still left to be accomplished in this direction and the Pan Ameri-

can Union, representing as it does the Governments of all American countries is in a peculiarly favorable position to urge further reforms.

The rates of duty, however, have not been reduced—on the contrary there has been some upward movement. This perhaps is unavoidable, for in South America the Government depends mainly on import duties for its national revenues and to a large degree for its local revenues. Imported goods are consumed largely by the well-to-do and wealthy classes, whose demand in the majority of cases is not materially diminished by the duties imposed.

The American exporter to Latin-America is, of course, interested in the rates of tariff duty. He must know the charges that will be levied on his goods in order to determine the probable extent of their sales. In order to determine this it is greatly to his advantage that the duties be stated in the tariff clearly and simply.

But his much more immediate interest lies in the question of fines. Many instances have come to the attention of the Bureau of Foreign and Domestic Commerce where a reputable American exporter received from his South American correspondent claim for a refund of fines imposed on the importer, but where the exporter was not informed precisely why the fine was imposed or in what respect he had been culpable.

In order to escape fines the importer must declare his shipments with great precision. The article must, as a rule, be described in the terms of the local tariff. The weight or other unit of quantity must be precisely shown. Any inaccuracy in description causes the importation to be regarded as an attempt at smuggling and the goods are liable to be confiscated—or rather a fine equal to the value of the goods may be imposed. It is natural that the importer who understates the quantity may be penalized, but in at least one country an overstatement of quantity also subjects the importer to a fine.

But this all has to do with the declaration submitted by the importer. How is the American exporter concerned?

Goods are declared solely on the basis of the documents that the importer receives. In some countries the law requires that the declaration on the entry shall agree with the invoice. Any inaccuracy in the documents received by the South American importer consequently leads to a faulty declaration for which he is penalized and he naturally looks to the exporter, who was responsible for the initial error to make good his loss.

To avoid error on the part of the importer it is, therefore, imperative that the exporter in this country shall describe the article accurately according to the tariff of the country to which it is shipped; that he state precisely the quantity of the article—neither more nor less; and that he transmit promptly the number of copies of the various documents prescribed by the regulations of the importing country.

LATIN AMERICAN TARIFFS

By WILLIAM C. WELLS, CHIEF STATISTICIAN, PAN AMERICAN UNION.

There has been much criticism, especially since the beginning of the war of Latin American Tariff laws and the methods of applying the laws. Very little of the criticism is justified or even intelligent. It follows one of two lines of thought: First, that the laws themselves are unfair to exporters (i. e. the foreign manufacturer) or are constructed so as to give preferences to certain kinds of goods as against other kinds, or contain schedules and classifications at variance with the industrial and trade usages of all the world, and that these schedules are often absurd. Second, that the administration of the laws is capricious, unfair, not uniform, even corrupt, and that fines and forfeitures are imposed for insignificant lapses.

It is safe to say that not one criticism or complaint in twenty has come from anyone with a prior understanding of the operation of any tariff law outside the ones criticised, the United States tariff law for example, or who appreciates how any tariff law does and must affect the foreign shipper. To many exporters all tariff laws, except those of their own country, are restrictive, bothersome, apparently capriciously administered, illogical and even absurd. They know nothing about how the laws of their own country are administered and nothing about how these laws in the economic sense touch the foreigner, although they may have a very

true appreciation of how their own laws affect the industry of their own country. Their only real knowledge of the operation of tariff laws is when they first meet them as exporters.

If such a one happens, first, to send his goods to Argentina or Cuba he finds much to criticize; he would find just as much if his first venture was to Spain or Italy, and if he were a Spaniard or an Italian would find more if his first venture was to the United States. One must understand that all tariff laws are in restraint of trade, necessarily so even when not so intended, but often intended to be so. Every entirely free country exercises to the fullest extent its right to construct its tariff system for the benefit of its own industry, its own commerce or its own revenue. It matters not if the system does hit the foreigner, in fact, hitting the foreigner may be one of the purposes of the system. No country has gone farther in this last direction than the United States and it may be added that no countries are freer from this purpose than the Latin American.

Latin American tariffs are primarily for raising revenue. Most Latin American governments are apt to look at the particular tariff provision from the point of how much revenue it will produce, and consequently rates are often raised or lowered in experimental attempts to arrive at the high revenue producing mark. A secondary purpose underlying Latin American tariffs is that which generally speaking has been the chief purpose of the United States tariff laws and revisions thereof to protect domestic industry. But the bases for the protection of domestic industry through tariff laws do not exist in any of the Latin American countries as in the United States. These countries are not manufacturing countries in the sense that the United States and Western Europe is. A law intended to foster an industry can never become a protective law until the industry exists, and then it is protective only to the degree, in kind and quantity, to which this domestic industry is able to supply the domestic wants. Certain Latin American countries, notably Brazil, Mexico, and Chile, have enacted tariff laws intended to be protective but the industries have in only a few instances responded in quantity, and less often in kind, to the domestic demand, so that the foreign exporter may ordinarily disregard the protective feature of Latin American, even of Brazilian, Mexican and Chilean tariff laws and regard all such as being high tariff rates and in a certain degree restrictive of trade. In other words, Latin American protective laws are very apt to be not protective, although far above the revenue producing mark.

There is no justice whatever in the criticism that Latin American systems are unjust to the foreign exporter. On the average rates are less than the United States rates under the present law and very much less under older laws. There are some exceptions to this statement; Brazilian and Venezuelan rates are on the average higher than United States rates and this is perhaps true of the Colombian also. It is difficult to draw an exact comparison on account of the different class of imports as well as the different bases of the laws, but of classes of goods that may be comparable the duties in Latin American countries generally are on the average less than United States duties, but they are not, even in Brazil with the highest rates, restrictive to the degree that United States laws are restrictive. Brazilian high rates do not exclude products to the extent that lower United States rates do. If the foreigner has any right to complain on the score of injustice it is that his product is excluded or unduly restricted. As a matter of fact, no foreigner, least of all an American, has any right to complain on this score. If it be a sin to devise tariff systems in aid of domestic commerce and industry, then the United States, Germany and France have been the chief sinners and nearly all the criticism of Latin American tariff has come from these countries. There is more justice in the criticism that Latin American tariff schedules do not reflect modern industry and so are unscientific. But so are all tariff schedules, although not all are as faulty as the Latin American. There is also justice in the criticism that Latin American customs appraisals, i. e., so much of the appraisal as concerns the classification of goods, are not uniform, and especially that officials in different ports appraise differently. But these defects arise from the same cause and it is a cause very difficult to remove anywhere but especially difficult in the Latin American countries. The faulty schedules can be corrected only by tariff experts who are familiar with world industries both from the manufacturing and the commercial side and have at the same time technical ability to construct tariff schedules in Spanish (Brazil in Portuguese). No country is able to assemble any such group of technicians unless it be a large industrial and commercial country like England, Germany, France and the United States are able to secure the next best services

and consequently we find the tariff systems of Germany, France, the United States and the limited English lists best constructed and most nearly responsive to industrial and commercial conditions. Most other tariffs are badly constructed and the degree of badness in general is in proportion to remoteness from the world's great industrial centers. The industrial expert is not the product of schools and universities but of industry itself. He comes from the factories, not from the libraries. Latin America nowhere produces such experts, and so if it needs the services of such must engage foreigners. The foreign industrial expert, unless his disinterestedness be above suspicion, is a rather dangerous adviser in the preparation of schedules.

Most Latin American schedules are antiquated and most of them were constructed from the retail dealer's standpoint with the very limited view such dealers have of industrial production. Many of the schedules are so out of date that no attempt has been made to appraise articles within the classifications. Such schedules are abandoned. Latin American tariffs might be revised so as to respond in some degree to world industry and commerce with the assistance of industrial, commercial and tariff experts from Europe or the United States, but it would not be advisable to go very far in elaborating schedules. Outside of the fact that the industrial expert might be prejudiced in favor of the industrial methods of his own country or of one industry as against a competing industry and the danger that schedules prepared under such advice would be lop-sided is the fact that highly elaborated schedules require the same measure of expert attainments in interpretation as in confection. Although a Latin American country might secure the services of experts in manufacture to assist in framing schedules no Latin American country could secure a corps of industrial experts to act as appraisers. The expense would be prohibitive. The cost of administering the United States tariff law is greater than the customs duties of any Latin American country. The cost of administering a tariff law composed of schedules requiring industrial expert appraisements would be greater proportionally in Latin America than in the United States, since the appraiser would of necessity have to be a foreigner or a native trained in foreign industrial plants. Such men require more money than the home-trained industrial available in United States customs' houses. But disregarding costs arising from higher salaries and larger bodies of appraisers is the fact that no corps of appraisers in sufficient number could be secured by any non-manufacturing country. Even if desired, no Latin American country can administer an ad valorem tariff law unless the rates are made so low as to make negligible the danger of undervaluation, or, disregarding the questions of revenue and unfair competition, it chooses to incur this danger. Turkey and China with low rates have been examples of undervaluation running riot, although the inducement to fraud was not great. Neither can any Latin American country properly and fairly administer a specific tariff with schedules requiring expert professional appraisement except to a very limited degree. The ideal Latin American tariff law is one with specific rates, and schedules and classifications understandable alike by the non-expert importer and the non-export appraiser. Such a law does not satisfy the theorist, but it is the only kind that can be fairly administered and produce the required revenue. As a matter of fact, such in general is the type of all Latin American tariff laws. If the schedules and classifications were modernized and drawn a little farther away from the retail dealer's point of view they would ordinarily need no other change or improvement.

UNIFORMITY OF CUSTOMS LAWS AND REGULATIONS

BY NICOLAS HERNANDEZ, OF HAVANA, CUBA.

As the Conference will without doubt discuss matters that will principally have in view the development of commerce between the countries of the American continent, we respectfully wish to submit to you the proposition that the customs regulations and tariff laws be placed on a scientific basis; that is to say, that all countries composing the Pan American Union adopt identical custom regulations governing general questions and that in regard to tariff laws they should introduce identical general classifications, leaving to each country the rate of duty to be assessed in accordance with its own general interests, and the sub-classification of its own products in so far as the necessities of the case may demand. In regard to the question of tariffs for instance, a commission should be appointed that after having studied the question should draft a law to be submitted to another Conference to which all countries should send representatives, each one with full power to enter into an agreement that the proposal as agreed upon by that Conference be enacted

into law, so that only the rate of duty may vary in each country, which rate of duty as has been said, should be left to be fixed by the Congress of each country for itself. The different points that would present themselves for consideration on account of their importance are the following:

In connection with the weight of merchandise enormous absurdities are committed; for instance, the weight of packing is treated as part of the weight of dutiable merchandise, the result being that such extremely fine and delicate articles, as silk and others, are packed in insufficient containers in order to avoid the payment of the same rate of duty on packing that may be assessed against articles of luxury.

The latter should be assessed a certain percentage of their value, severe penalties being imposed for undervaluation both against the importer who undervalues the goods in his declaration and against the employees of the custom house who by collusion make themselves accomplices in such attempts at fraud. The United States, through its consuls, is informed of the prices on merchandise, and when invoices are presented on the valuing of merchandise the consul notifies the custom house where the goods are entered, and then the shipment is appraised at its true value or the valuation is submitted to experts. Another very unjust proceeding is followed where in the same package, for instance, are enclosed 95 per cent of canvas, paying a low duty, and 1 per cent of silk, paying a very high duty; in this case the custom house will enforce the payment of duty on the whole shipment at the highest rate imposed on any of the goods contained in the package. This is a great injustice to the importer, who is thus made responsible for the mistake of packers in a foreign country, who in general are common laborers, for to employ tariff experts as packers would make the price of merchandise prohibitive.

We know the case of an importer who ordered ordinary pictures (*cromos*) and with them two or three dozen pictures of higher grade; the custom in Germany was to place the better pictures (*cromos*) in envelopes and the country for which the pictures were destined assessed a very high rate of duty on envelopes in order to protect a local industry; the result was that the entire shipment weighing many kilos was appraised as envelopes, thus causing considerable losses to the importer. Another ridiculous instance of the assessment of duty by weight is that of watches imported for the use of the humble laborer, resulting in the cheapest watches paying the same duty as jeweled watches with gold cases imported for the wealthy. In cases like these duties should be assessed on the value and not on the weight.

We could cite many other absurdities in the tariff laws from the Behring Straits to the Straits of Magellan, and the hour has come when all these countries should appoint for the drafting of tariff laws a commission composed of scientists, economists and commercial experts.

Other laws that require uniformity are the Customs Regulations in force in all these countries.

The matter of fines is indeed one of the points most vexing to importers. In some countries the rule exists that a certain percentage of the fines is distributed among the employees of the custom house. This has resulted in some countries in a very terrible persecution of importers. The entire amount of legitimate fine imposed should flow into the public treasury. Referring to fines we are familiar with a case the flagrancy of which will serve as an illustration to show the extent to which such abuses may be carried. In a certain South American country it is required to enter on consular invoice the entire paragraph of the tariff law under which the goods to be imported are to be entered. This is ridiculous. Goods should be listed in the consular invoice under their name, and when the customs declaration is made by the importer they should be placed in the classification to which they belong. A firm in Baltimore shipped 30 cases of canned peas and for the reason that in the consular invoice the goods were specified as "canned peas" instead of "preserved food" as the tariff law of the importer's country required, an error due entirely to the exporter, the importer was fined three times the price specified in the invoice; and the most cruel and tyrannical feature of the case was that he was not even permitted to abandon the goods, as is done in the United States, but was forced to accept them and suffer the consequent loss. This custom of punishing the innocent is very prevalent.

We can cite another instance. A merchant in Porto Rico applied to the consul of a South American country for information regarding details relative to the declaration of merchandise. The consul gave him the desired information, which, however, proved to be incorrect, with the consequence that the importer was fined three times the value of the merchandise declared in the invoice, the importer thus having to bear the entire consequences of the ignorance of the consul of the country by which the fine was imposed.

In the custom house of the United States if consular invoices are incorrect the importer is permitted to withdraw the merchandise under bond so to produce a correct consular invoice. This is an honorable, democratic and human proceeding.

Commerce between the American countries should be stimulated to the highest degree, but the result of these tariff interferences is that exporting countries like Argentina, Uruguay and United States and others depend entirely on commission houses that are not always honest and honorable; and a great number of manufacturers and merchants who would send their goods at much more reasonable prices than the commission houses and thus benefit all the countries of the American continent, are debarred from the export trade.

There is also a law in various countries that prevents the consignment of goods "to order," that is, the shipment of goods unless they are shipped directly to the importer. The practise in recent years of civilized countries that have advanced beyond the colonial ideas of administration, has been to make the shipment with draft attached to bill of lading. These drafts are discounted by the bank and the merchandise is held as collateral security for the draft. The merchandise, therefore, belong to the holder of the draft, and for that reason is shipped "to order" and does not become the property of the importer until he has covered the sight draft or accepted the 60 or 90 days draft attached to the bill of lading. The result of this prohibition of consignment "to order" is that many transactions are prevented that could otherwise be easily effected, and the poor importer is left at the mercy of the commission houses.

Consular invoices is another matter that requires consideration and study, for Consulates should be considered as centers for the development of commerce and not as sources of tariff income. We recommend the practice carried out in the Dominican Republic, where the importer pays the consular fees at the time of paying the tariff duty; and in reference to the consular fees we suggest that the percentage of the value of the goods covered by the invoice be charged; such a charge, equitable and in proportion to the goods imported, would, unlike the present consular fee, be prohibitive for the small importer. This would also reduce the clerical force and responsibility of consulates and would avoid irregularities committed by consuls and their employees such as we all know, and the exploitation of the sale of blank forms as well as the interposition of obstacles in order to compel the employment of a special agent who tips the subordinate consular employees.

A means should be found enabling the merchants of one country to ship to other countries directly without being forced to have recourse to the service of forwarding agencies that make excessive charges which result in grave injury to all importing countries, for as we have said before, all such charges must be added to the price of the merchandise and this in turn has to be paid by the people who are the final consumers.

When exports are made from interior points or from parts where there is no accredited consul, commercial invoices sworn to by some member of the exporting firm before a notary public designated by the consul of the importer's country, should be accepted as consular invoices and should serve as a basis for the importer to make the necessary declaration and customs entries. It should also be agreed by the countries composing the Pan American Union that official charges of falsifying prices made against exporters should be duly investigated by the authority of the country where the fraud is committed and if substantiated should be presented to the courts for the punishment of the persons committing perjury.

It would be well if in all custom houses there were interpreters for the official languages of all American countries, that is to say, Spanish, English, French and Portuguese, and if it were permitted to exporters to make their invoices in any one of those languages, instead of being forced to make them out in the language of the importing country. This latter has resulted in the refusal by many important manufacturers to export their products directly to other countries, as this requisite necessitates the employment of extra clerical help, for whom they have no real need aside from the few exports that they might make. The trade thus falls into the hands of commission houses of which many indeed are honest, but among them there are others who live exclusively on the pilferings made from Latin American commerce. In the same manner it should be agreed that invoices can be made out in the weight, measures and money of the exporting countries, the task of making the corresponding reductions to the standard of the importing country falling to the importer in making his custom house entry.

The uniformity of tariff laws and custom house regulations would be a long step forward, and the only variable quantity would then be the tariff rates which would under the proposed plan be fixed by the importing country.

FINANCING TRADE

PAN AMERICA'S PLACE IN THE RECONSTRUCTION OF EUROPE

BY FRANK A. VANDERLIP, LATE PRESIDENT OF THE NATIONAL CITY BANK,
NEW YORK.

(Delivered at the Morning Session of Thursday, June 5)

I was struck, Mr. Chariman, particularly with something you said—that it had been so often repeated that we are in a new state of the world, a new order of society, that our minds had rather grown calloused to that and we did not after all think it was quite true. I want to tell you it is true! We are living in such a world as we have never lived in before and not very many of us have awakened to that.

You have been talking here for two or three days about trade between the American countries, but related to that, a part of it, the very atmosphere in which that must develop are the conditions that have developed in Europe, are the conditions that are making the new world in which we are all going to live. And so, instead of talking directly to the subject that you have in hand, I am going to speak perhaps a little indirectly to the subject but fundamentally to the development which I believe is before all of us in this hemisphere.

The situation in Europe is a more serious one than has been grasped in this Continent, more serious indeed than has been grasped by a good many Europeans as yet. Externally, superficially, you would see something like a normal Europe if you had been over the ground that I have—London living its great, luxurious life as usual; Paris much the same. Externally, superficially you might think no great thing had happened to Europe. You might well be excused after seeing Europe if you still held the belief which I think most people do hold in the United States that the war is over, that of course it has been a great blow, that there has been sad devastation, but that it is over and with the signing of peace Europe will pretty rapidly tend back toward the normal; that there is a great industrial skillful people; that there are great territories quite unharmed by the war; that the damage of the war after all is comparatively small, and that all that is needed is a little time to bring Europe back to pretty nearly its pre-war condition.

You in South America may be expecting to trade with Europe, to carry on financial and banking operations with Europe much as before. But that picture is not quite true. Europe has received such a shock from the war as has not been measured by those who have seen it at close range. But it is not that direct shock that concerns me nearly so much as a greater hurt than the direct shock of the war which has come to Europe. It is the hurt of disordered industries all over that continent,—so disorganized that industry is in large measure paralyzed. Men in great numbers are idle. The difficulties of restarting the industrial cycle are almost unmeasured and the consequences that will flow from continued idleness and want and hunger, from revolution which will follow that combination if it lasts long enough,—those are consequences that will involve two hemispheres, they cannot be confined to one should they occur.

Now, do not understand me as predicting a conflagration in Europe. I do not believe there is to be such a conflagration, but, I do believe Europe is balanced on a knife edge as to whether or not there shall be. I think it can be saved; I think aid can be given to those European states that will help them restart industry, that will help them put their peoples at work. Nobody can save Europe but Europe's own people. They cannot be saved in idleness, they must be saved by the sweat of their brow and labor.

But the difficulty is in starting them. There is tremendous idleness now,—idleness made necessary by this transition from the great war effort to peace times. Men are being supported by millions, by unemployment dole, weekly unemployment wages. In England alone there is well over a million receiving about six million dollars a week in unemployment wages. In little Belgium with only seven and a half million population, there are eight hundred thousand men having a weekly unemployment dole by which they live.

There is so much to say that it is really hard to know where to take hold of it. Perhaps instead of going on here painting a gloomy picture I had better tell you a little of the brighter picture that I see. Mind you, this gloomy picture is a true picture; a catastrophe may come out of this situation which would affect all of us. I believe that can be prevented. The real danger of it lies there and we should wake up to it, should understand it, should accept the responsibilities that that situation puts upon us.

But suppose the catastrophe is averted, as I believe it will be. The position of the countries in this hemisphere, vastly rich in natural resources, unharmed while you to the south of us have benefited rather than been harmed, I suppose—the future of these countries seems to me to be the great, bright spot of the world and the peoples of other countries will turn toward us as a haven, as a hope, as the home of opportunity to get away from the overburdened, tax-laden, crippled situation in which they find themselves.

The United States, I think, is going to occupy in this new world, if the catastrophe that might come is avoided, such a position as no nation in all time ever occupied before in the world,—a position of opportunity and of responsibility. We are going to be the great reservoir of capital of the world. We are going to be along with you to the south of us the great storehouse of raw materials, of food products. One can hardly understand in what happy position we on this hemisphere are without understanding a little of the unhappy position in which Europe is.

Picture just for a moment what this modern industrial Europe came to be. It had grown up from a population of 175,000,000 at the end of the Napoleonic War to 440,000,000 and that growth had in large measure been the mark of the industrial development of this industrial age. Europe and England,—England particularly,—became one great manufacturing community, unable to support itself so far as food is concerned, unable to produce its raw material, just a great manufacturing community, having some kitchen gardens to in part supply its food, yes, having some raw material and coal and iron and some other things but in the main that great continent had to pass through its workshops the raw material which was imported, to sell to other countries that it might get the world exchange to buy the things that it needed.

There has come a shock that has disorganized that industrial situation, that industrial cycle has been interfered with. Europe cannot live except on industry with its present population. She is not in the happy situation in which all of the countries here are. This industrial cycle must be resumed, else Europe cannot live with its present population. The responsible Minister in England said to me that if the industries of Europe are not speedily restarted so that the demand of Europe for the products of the British workshops is resumed, if the British workshops cannot speedily regain the European market in something like its old form, then the job of this government is going to be to export five or six million Englishmen to places nearer the source of food supply.

That just gives you an indication of how serious that situation is.

Now I will take just five minutes more, because I want to tell you a little of the part I think you of Latin America have to play, with us, in rehabilitating industry in Europe. Industry must be rehabilitated. I do not conceive that that means the loan of great financial credits to European governments. I believe the financial situation of several of the European governments is such as to make it useless to consider making financial advances to put them in a satisfactory financial position toward their own people and toward their external obligations. The thing that is needed, of all else in Europe today, are those materials that are necessary to start industry going: raw materials for manufacturing; machinery; railway equipment (for the transportation system is badly shattered), and, to a considerable extent, food.

The giving of food alone will not help this situation. I do not conceive that we need to give anything, either. Europe is still a great, rich continent but with her industries paralyzed. I believe that there should be a group of nations which should include every nation represented here. It should include some of the European neutrals and probably Great Britain. That group of nations should lend to these afflicted countries where industry has so largely ceased, not money in the form of credits to go into the treasuries of those countries, but the materials, the machinery, the equipment, the food necessary to start the industries.

There is no need of giving this in charity. Europe cannot be supported in charity. That is not the way to do it. Neither would I have governments further loans to governments. I have discovered this, that a loan by a government to another government is to be regarded in rather a different light than obligations are usually regarded,—at least the loans of this government to the European governments have so come to be regarded. There is a surprisingly general idea, that we ought to forego the loans that we have granted in this war. I would not add to the question that will hang around those loans in the future. I believe a security can be created that will be good because it should be a first mortgage upon the customs of the borrowing nations and that such a security can be floated in the several countries and it ought to be floated in a measure in these South American countries. Such a security can be floated in the several countries that should supply the things that are needed to restart European industry, that those things should be supplied in the proportion in which the loan is placed.

I think something of that sort speedily done would help and would probably succeed in averting a great disaster. Europe must have help, we on this hemisphere must grant it, and it must be in the material things, the things that are needed to get Europe to work so that she can help herself.

PAN AMERICAN FINANCIAL COOPERATION

By CHARLES M. SCHWAB, PRESIDENT BETHLEHEM STEEL COMPANY.

(Delivered at the Morning Session of Thursday, June 5)

Mr. Chairman, Ladies and Gentlemen: This is a warm day, but after that introduction of this eloquent Chairman, I do not mind saying I feel a good deal warmer than I did ten minutes ago.

This meeting has seemed to me to be a very serious one, and I learned many years ago under the preceptorship of my old friend Mr. Carnegie, that good and serious consideration and thought only comes about when we are in a very happy frame of mind and that often the most serious subjects are treated in the lightest possible manner.

I do not know that I have anything that I could say to my friends from South America. It seems to me that there is a preponderance of American thought upon these occasions to these people, our friends from Latin America. My experience in many years' business with them, and I have had a great deal with Argentina and Chile and other countries south—my experience has been that if I want to learn a real business lesson for shrewdness, integrity in business methods, well, many of us so-called leaders in America could well afford to go to our neighbors in the South to learn.

I am a retired country gentleman these days. I am living up on the farm. I did not feel like coming down here, and I should not have come down for anything I might say, but I felt it a duty as well as a pleasure to come and at least show by my presence my appreciation of the distinguished guests from the Latin American countries who have come to Washington, to this convention. And I am reminded of a story. There is a farmer whose property joins mine up in this little village in Cambria county. He came to me the other morning and said, "Charlie, I would like to sell you this cow." "Well," I said, "is she a pedigreed cow?" "No, I can't just say she has any special pedigree." "Well," I said, "how much milk does she give a day?" "Well," he said, "I can't even say as to that. But I will tell you one thing. She's a good hearted and willing old cow and if she's got any milk to give you she will."

That is the way I feel, I am willing, I know I am good hearted, Mr. Chairman, I would have been richer if I had not been. I come down here to give you any thought that I may have. They are very meager thoughts, but whatever they may be they are willingly given.

I was much disturbed by the lady who is taking down this speech. She asked me a short time ago if I had my address prepared. I said, "No, I never prepare an address," and she said, "Well, I've read some of them and I now understand."

The one dominant thought in my mind, which I might impart to you this morning, was this: I was in Europe with Mr. Vanderlip, my old and esteemed friend. We looked around a great deal. One of the great events during my visit there was the occasion to meet, know and talk to that great leader, Marshal Foch. Like any good citizen, my first expression to him was to thank him on behalf of humanity for all he had done. He said to me, "Mr. Schwab, this great general staff directing the army was like a great orchestra in which every instrument had to play its part harmoniously and play it in sympathy and accord and understanding with the rest of the orchestra. That the baton fell in my hand was but a matter of chance and good fortune and I did no more than the humblest player in the orchestra for the final harmonious outcome of the great undertaking."

That was a generous thought upon the part of a great and generous man. It looks to me very much as though the trade and the happiness and the prosperity of our American nations must come about for the same reason that the distinguished Marshal said brought such great results in the great world's war, and that is cooperation of all the American nations so that this industry, so that our commerce shall not be based upon a purely national or personal selfishness, but that it will result in the best good to all of us by arriving at the best results collectively.

Gentlemen, how happy we ought to be to say that we are citizens of America! Whether it be the United States of America or any of the Republics to the south of us. When, after having gone over the battlefields of Europe and through the torn and conflicting countries of Europe, I come home and see first the great Statue of Liberty on the shores of America, I hold up my head and say, "How glad I am to be a citizen of this great continent!" And why? Because God has endowed us with more of the natural resources that tend to wealth and prosperity than any other country on the face of the earth and what is more important, He has endowed us with a people who are so patriotic and filled with business and other integrity as to develop that which He placed within our borders. - And so, my friends, let us first of all realize, all of us, that in this great Continent of ours we are placed with reference to natural resources that only require our enthusiastic endeavor to bring about prosperity and happiness to all the people of our countries.

Many people, famous in life, like to see great monuments reared when successful, to the perpetuation of their memory, great arches, great buildings, great memorials. I have always said that as for me, if the future ever wishes to remember me, there is nothing I so much desire, Mr. Chairman, as to see great rows of flaming smokestacks and furnaces that shall mark the monument of my American endeavor.

I am a manufacturer of steel, primarily. On the East Coast I believe the great future development is going to come. We must depend upon our friends in the south for the raw materials to make the East the successful steel manufacturing center of the United States and so much confidence have I and my company in the honorable intentions and treatment of American capital that I am risking my all, my fortune, my reputation, my company upon the basis of securing the raw supplies of ore and other materials from our South American Republics.

I have recently, as many of you know, opened at very great expense in Chile on the west coast the largest docks and shipping facilities in South America. I have now under construction and under way, just started, since the war is over, twenty of the largest cargo ships that have ever been built to carry twenty thousand tons of iron ore in each cargo to ply between the west coast of South America and the eastern ports of the United States.

We here are just as anxious, perhaps, for your complete cooperation as you may be anxious for our cooperation in this country. We realize that mutual fairness must prevail for successful outcome of this business. I have never had any other than the pleasantest, the most straightforward and the happiest outcome to all the business that I have ever done in South America, our friends in the South, and I am not afraid to risk anything that may develop in that line in the future.

Our distinguished Director General here is a very diplomatic sort of a man and it made me think a little when he placed me on the platform between

the most distinguished American banker and one of the richest and most distinguished bankers in Chile. I wondered if he knew my propensity for borrowing money. There is no man in America to whom I will take second place in my ability to borrow money.

I love to tell a story of Vanderlip about that. He is very serious these days but he is not so serious at other times. He is the charming, hospitable, delightful gentleman of the true American type. But I love to tell this story about him. One time I went to my friend Stotesbury in Philadelphia, a great banker, to borrow money. I borrow all I can get. I said, "Stotesbury, I must have a lot of money for my developments down in Chile." I said, "I need it in the Fall. How much can I get from you?" "Will half a million do?" I said, "No good! I've got to have much more than that. Why, there's my friend Vanderlip in New York—he scarcely knows me and he has given me more than that." "Well," said Stotesbury, "that's the reason he has given it to you."

Now, my friends, as I stand here—and I am going to conclude at once—and I gazed at the ceiling of this room as I came in and I saw how appropriately that word was in the four corners of this room, covering the representation of this entire western hemisphere, that word "PAX," Peace—we are now past this great war and in a state of peace, at least peace is at hand, not the conditions that will follow the war that Mr. Vanderlip has so ably described that we have all got to meet seriously, but we are through this great struggle and conflict of arms, we are coming to a condition of affairs that people talk much of—the reconstruction industrially and otherwise.

They are great. We must all recognize and act accordingly and act consistently. I am one of the people that believes in being consistent. Someone said to me the other day, "Are you a Prohibitionist?" Well, I thought a little about that and thought I would better not commit myself. I said, "Yes, under one condition: That everybody is treated alike. I don't believe in Prohibition that will enable me or Mr. Vanderlip and other rich men to store their cellars with wines and whiskies for the rest of our lives and the other ordinary people who haven't the money to do without it."

I believe in fair play for all. If we are going to have something to drink, let us have it. If we are not, let us all do without it. I do not care which it is, but let us be consistent.

So, I say we must be consistent in our treatment of everybody. There is no aristocracy any more. The old aristocracy of wealth and birth have long gone by. The aristocracy of the future will be the aristocracy of the man who does something for the good of his fellow man or his country. Now, let us not talk about it but let us act accordingly, and what is true of individuals is true of nations. Let us act collectively as human beings, doing the best we can for ourselves and mankind. Let us live the life that is worth living, a life of happiness and a life of freedom of thought, a life of manly uprightness and integrity and when we have finished this life of material usefulness, let us hold up our head and say with the proudest aristocrat that has ever lived, "I have done my duty and I take my rank with the best of men."

INVESTMENTS IN LATIN AMERICA

By JULIUS G. LAY, FOREIGN TRADE ADVISER, STATE DEPARTMENT.

(Read at the Morning Session of Thursday, June 5)

When we discuss investments in Latin America, we are discussing not only an opportunity but a responsibility. It is not merely a question of comparing the relative attractiveness and safety of South and Central American securities with the inducements held out to capital by enterprises at home. Our new position as the only great nation with large reserves of capital available for investment abroad, and with resources and productive power almost unscathed by the war, not only obliges us to assist our allies in Europe in rebuilding their national economic life, but imposes upon us the duty of assuming the place formerly occupied by European investors in financing the development of the natural resources of the other nations of this continent.

Before the war, American investments in Mexico were estimated at about one billion dollars. Approximately another billion had been invested in other Latin American countries, especially in Cuba. Our holdings in South America were relatively very small. A much larger amount of Latin American securities was held in Great Britain, France, Germany, and Belgium. British holdings were estimated at over five billion dollars, of which \$2,350,000,000 had been invested in railways, \$1,500,000,000 in government, state, and municipal bonds, and the remainder in manufacturing, agriculture, mining, and other industries. The French investments were estimated at one and one-half billions of dollars. Every year large amounts of new foreign capital were placed in government loans or in private enterprises. This source of capital has now been cut off. The countries which had purchased Latin American securities in the past need their funds for restoring their own industries and repairing the damages wrought by the war. Since 1914 the Latin American countries have been forced to look to the United States for the new funds which they required. Unfortunately they have not so far been notably successful in obtaining these funds, although considerable amounts of American capital have been invested during the war in railway and mining securities. The exportation of our capital has of course been restricted since our own entry into the war, and the sale of new securities in our markets has been discouraged even since the signing of the armistice by the necessity of floating loans.

Now that our capital is relatively free to engage in foreign enterprises, however, we may anticipate great demands upon it from all of our Latin American neighbors. In Europe, the countries which in the past have purchased South and Central American securities will need all of their resources for restoring their own industries and repairing the damages wrought by the war. Although the greater part of our own capital will probably find useful employment at home, we shall still have considerable amounts available for investment abroad. Our bankers are already turning their attention to the requests for funds which they are receiving from nearly every Latin American country.

The opportunities for investment in Latin America will fall into three classes. In the first place, nearly all of our neighbors need loans to restore the stability of their government finances and of their currency systems, since both have been subjected to a severe strain by the war. In the second place, there will be a demand for new capital for building railways and for the development of industrial, agricultural, and mining enterprises. In the third place, we must be prepared to absorb considerable quantities of the Latin American securities formerly held in Europe.

Many of the Latin American governments are at the present time in pressing need of funds for the rehabilitation of their finances. The war, of course, completely disorganized the commerce of the continent, and in doing so cut off the revenues from customs duties, which is the main reliance of the treasury in each of the Latin American countries. This has made it very difficult to meet the current expenses of government, and has rendered it necessary to float internal loans and to adopt other temporary expedients for tiding over the government until the restoration of normal conditions. Some of those countries which were hit the hardest by the reduction of exports and imports have been unable to meet the service of their foreign debts, and have been forced to enter into arrangements for the temporary suspension of payments. All of this financing has been carried on under great difficulties, owing to the restrictions upon the exportation of capital from the belligerent nations. Most of the temporary arrangements contemplated the liquidation of the advances made or the resumption of payments within a short time after the conclusion of the war. Consequently, at the present time, we find that nearly every Latin American country is in need of financial assistance from outside to enable it to meet its obligations and to restore the normal condition of its financial affairs.

There is one aspect of this question of government finance which touches our commercial interests very closely. Several of our South and Central American neighbors are handicapped in their relations with the outside world by the defects of their currency systems. Some even of the countries whose money had been based upon a sound gold standard before the war have been unable to maintain this standard, either because of the drain upon their gold reserves caused by the disorganization of international exchanges, or because an overwhelming

need of funds has led them to issue unsecured, or inadequately secured, paper money.

In the countries having a silver standard, the high price of that metal had led, despite export restrictions and prohibitions, to the exportation of so large a part of the metallic currency of the country as to cause an acute currency shortage. Some countries have been forced to suspend specie payments and to issue paper money. In the countries which had an unsecured paper currency before the war, an equally disastrous situation has resulted. The value of the local money naturally declined sharply with the stagnation of commerce at the beginning of the war. When trade began to revive, the rate of exchange reacted sharply in the other direction, with the result that exporters and producers suffered severe losses, while the laboring classes, who might otherwise have benefited by the appreciation of the money in which their wages were paid, profited little because the merchants did not adjust their prices to the new conditions, fearing a reaction in the other direction. In the republics which do not possess stable currency systems, the unsettled condition of trade has caused very sharp fluctuations in exchange rates, which have reinforced the conviction already entertained by their statesmen and financiers that the currency systems must be reformed and placed on a gold standard before their commerce and industries can develop as they ought to.

Our Government is very deeply interested in the question of stabilizing exchange rates with our Latin American neighbors, because our commercial relations with these countries can never be so mutually profitable nor so extensive as they should be until exporters and importers both here and in South and Central America are secured against the losses which result from sharp fluctuations in these rates. For this reason the United States Government stands ready to afford any assistance which it can in the efforts of its neighbors to reorganize their currency systems. It will be glad to aid them in securing skilled advice for devising means to place their money on a gold basis, and to exert its good offices with American bankers to procure the funds which are necessary for this purpose.

The question of currency reform has a bearing upon investments in Latin America, not only because a stable monetary system is necessary to encourage investment of foreign capital and to secure the investor against losses from the depreciation of the gold value of his property; but also because loans for this purpose, and the establishment of banks which may be entrusted with the duty of administering the reform, offer one of the principal opportunities for investment.

In the past, American bankers have perhaps been somewhat over-cautious in dealing with loans to Latin American governments because of the troubled financial history of some of these governments. It is not fair, however, to assume that loans made at the present time would be unsafe, simply because the borrowers have had difficulties with their creditors in the past. In most cases the blame for these difficulties lies by no means entirely upon the side of the debtor. Comparatively early in their history as independent states, many of the Latin American countries contracted loans in Europe from which (for various reasons) they received little return, while they assumed an obligation which imposed a heavy and sometimes an intolerable burden on their treasury. Too often little attempt was made on the part of the underwriters, or even on the part of the borrowing government, to make sure that the revenues and resources of the country contracting the loan were sufficient to meet the service of the bonds. The bankers appeared less interested in many cases in the soundness of the securities which they sold to the public than in the profits which they made by purchasing the securities from the debtor government at a small proportion of their face value. A debt of this kind did not receive the same scrupulous consideration which would have been accorded to a fairer transaction.

A very different situation confronts American bankers contemplating loans to Latin American countries at the present time. The governments have learned much from their past experience, and they have especially learned to appreciate the value of a sound national credit. With the exception of those which have made special arrangements with their creditors on account of war conditions, nearly all of the Latin American countries are scrupulously maintaining the service of their foreign debts. One or two have not yet been able to adjust these debts, by agreement with their creditors, to a point where they are financially

able to make interest and sinking fund payments, but there is reason to hope that these countries also will soon take steps to redeem their credit. It is felt, therefore, that loans made under present conditions offer an attractive and secure investment, for their standing would be entirely different from that of the loans contracted under entirely different circumstances half a century ago. The Department of State desires to offer every assistance to American bankers and to our Latin American neighbors in conducting negotiations for government loans on terms which will be beneficial to both parties.

Turning from government loans to investments in private enterprises, we find a field which offers even more attractive opportunities. It is a truism to say that Latin America has tremendous natural resources, which only await the investment of foreign capital for their development. This capital, under present conditions must come from the United States. If we do not finance the construction of railways, the development of mines and of agricultural enterprises, the establishment of banks, and the extension of commercial credits, the progress of our Latin American neighbors will be retarded for years, with incalculable injury not only to them but to ourselves. Every dollar invested in such enterprises at the present stage in the development of these countries means a return of many dollars in increased productive capacity, not only to the investor, but to the community at large. New railways, especially, are needed to open up districts which, despite their fertility, are at present almost undeveloped because they lack means of communication with the outside world. Great mineral resources are not available to the world's commerce because capital has not been found to exploit them. The agricultural resources of the tropics have hardly been touched. Only a few products, like coffee, bananas, and cacao, have been grown on a large scale. Other products, which could easily be grown in quantities sufficient to feed millions of people in the thickly settled industrial regions of the world, are as yet almost unknown in the world's markets. In the future, with the increase of population in the industrial regions of the world, we shall have to look more and more to the tropics for our food supply. Since tropical agriculture involves large scale production and the application of comparatively large amounts of capital, there will be attractive opportunities for investment in plantations, cattle ranches, canning factories, packing plants, and all sorts of equipment. The people of the countries in which these new enterprises are established will, of course, be the chief beneficiaries, because they will be brought into closer contact with the outside world and will be given opportunities which they never had before to obtain manufactured articles and luxuries from other parts of the world.

Our own industries will benefit by possessing an assured supply of raw materials, for many of the raw materials which are most necessary for our manufacturing plants are products of Latin America, and are obtained by us chiefly from that part of the world at the present time. In view of the competition for many of these products between the great manufacturing nations, it is very important that companies controlled by American capital should be in a position to supply them to our factories.

Investments in Latin America will have a direct bearing on our export as well as our import trade. The construction of a railway or a factory or the establishment of a mine or a plantation by American capital leads inevitably to the purchase of machinery and equipment in the United States, not only at the time of the original investment, but from time to time subsequently as repairs or extensions are undertaken. Moreover, the new purchasing power of the country whose exports are increased by these investments and whose people receive wages from the foreign corporations, leads naturally to an increase in imports, and a large part of these imports will come from the United States. A direct demand for American goods will follow the establishment of American mining, railway, and agricultural enterprises because the needs of the workmen employed by these enterprises will in large part be supplied from commissaries, maintained by the companies, which will, of course, purchase their stock chiefly in our markets.

The United States Government has a very direct interest in the question of establishing American enterprises in Latin America, aside from its desire to increase our commerce and to aid our neighbors in developing their natural resources. Large foreign enterprises are almost invariably established in Latin

American countries under concessions, which define the privileges granted to and the obligations assumed by them. In the past these concessions have too frequently been a source of friction between this Government and its neighbors. Latin American governments have had inadequate facilities for ascertaining the reputation and financial responsibility of companies seeking special privileges, with the result that the conduct of these companies has sometimes brought discredit on all American enterprises and has led to unpleasant diplomatic incidents. The concessions themselves have often included provisions which were unfair to the people of the country concerned, or which were a bar to the establishment of other foreign enterprises. The State Department, therefore, has a direct interest in seeing that these concessions are granted to concerns which are capable of carrying out their provisions, and these provisions are fair both to the people of the country granting the concessions and to other foreign interests. It believes that it can be helpful both to our neighbors and to American investors, through exerting its good offices to assist in the establishment of mutually profitable relations between them.

The purchase of Latin American securities now held in Europe is of less importance, perhaps, than the investment of money in new enterprises, but it nevertheless offers an opportunity which should not be neglected. As a consequence of the impending readjustment of the finances of some of the Latin American Governments, many issues of bonds now held in France and England are likely to be refunded with American money. Other securities will be sold in this country as a partial payment of the ever increasing debt owed to us by the European countries. The purchase of these securities has two important aspects. In the first place, our increased participation in established enterprises will necessarily stimulate our trade with Latin America, to nearly the same extent as the investment of capital in new enterprises. In the second place, the investment of money in European securities, and in the securities of other countries which are now held in Europe, is absolutely necessary if our exports to European countries are to continue, because these countries cannot pay for the supplies of which they are desperately in need in any other way.

Many of the bankers of the United States have shown that they are fully aware of the opportunities which exist for investment in Latin America and of the desirability of making investments there. The recent establishment of the Foreign Bond and Share Corporation is a hopeful indication that these opportunities are being considered in connection with the broader interests of our commerce. The problem at present is to educate the investing public, in order that there may be a wide market for Latin American securities in this country. As I have already said, the public must realize that it is not merely a matter of balancing the immediate return to be derived from similar investments in the United States. The vast potentialities of development in Latin America, and the importance of this development to our own commerce, make these investments a matter not only of private profit but of national interest. They offer us an opportunity, furthermore, not only to benefit ourselves, but to cement our own relations with and to assist in the development of the nations which are closest to us, not only in actual distance to be travelled, but in historical affiliations and political ideals.

FINANCIAL AND COMMERCIAL RECIPROCITY

By H. H. MERRICK, PRESIDENT OF THE CHICAGO ASSOCIATION OF COMMERCE.

(Delivered at Morning Session of Thursday, June 5)

Mr. Chairman, Mr. Director General, Friends of this Conference: The noon hour is here and as Mr. Schwab said, it is decidedly warm, so just a few minutes from what we call the Central States—the Middle West. Speaking for Chicago, for the Association of Commerce, to this great conference, we bring you a message of greeting of good will from that great district of the United States. It just seems to me, speaking for the Mississippi Valley—more than one-half of the United States, that this meeting here in Washington, where you have such a remarkable attendance from all of the States to the south, from all of the

United States, in itself is a measure of the success that has attended the efforts centered in the Pan American Union in these last several years.

We are discussing today in Paris and again here in Washington at the Capitol, world problems primarily concerning the European and Asiatic nations, and we are attempting, as are our Allies, to settle these questions for the long future that peace may be present in the world. It seems to me in thinking of this Conference, that in a large measure we have worked out these problems in the Americas, North and South, that in our ability to gather together under this roof, to discuss problems as neighbors, as friends, we have the solution really in our hands.

But that realization is far better if it can only be brought about for the world and that, in reality, whatever system and plan shall be arrived at in Paris, the influence of this successful neighborhood and combination of nations will be all powerful for the future.

Recently, we formed at New Orleans what we called the Mississippi Valley Association and we gave it final form in April in Chicago. Director General Barrett was one of our chief guests of honor. He brought to us then the message of the importance of this Pan American relation in that association, (I believe it is worth while to comment upon it now), we have fifty-six million people of these United States. We have twenty-two states and parts of four others, and tonight as the guests of that association the Senators of those twenty-six states will sit around one table.

Primarily, the Mississippi Valley in its derivation is Latin, French and Spanish, if I understand and read history correctly, and we of the Valley believe that we understand this Pan American Union, its purposes, its plans, its ideals, its actual practical accomplishment, better by reason of that admixture of Latin blood which, from north to south, is present in that great region, than would otherwise be the case.

And so, in these few words, after you have heard from men like Mr. Vanderlip and Mr. Schwab and our friends from Latin America, we of the Valley say to you of this Conference that we believe the future of America, the future of the United States as a part of America, lies in this Pan American Union and in the development of friendship, the spirit that one neighbor should have for another, and we believe that that progress is occurring rapidly and that the trade and commerce we have together will fortify that friendship, that exploitation lies far in the past, that the progress must be mutual. We of the Valley believe that in this mutual progress whereby Latin American countries shall be enabled to make use of the resources we have accumulated in their development, that so far as it shall be along banking and trading lines it need not be by the mere training of our people of the United States to go out to conduct this business and this banking, but that we shall use all that exists in the states to the South in that progress.

And so far as we shall establish banks, we of the Valley hope to do so in the several American Republics under the conditions and under the legislation that exists there and to man those banks and those trading offices with men of those countries. For I, in my twenty-one years of business life, have found as Charles M. Schwab well said, that the men of Latin America are not only shrewd and keen and well trained in commerce and in finance but they are highly honorable, and in twenty-one years of actual trade for the great house of Armour and Company throughout the world I say to you today nowhere has my experience been so widely satisfactory as in Latin America.

SURETYSHIP AS AN ESSENTIAL AID TO PAN AMERICAN COMMERCE

BY JARVIS W. MASON, VICE-PRESIDENT AMERICAN SURETY COMPANY OF NEW YORK.

Suretyship has been an essential of commerce and an aid to many of the more intimate incidents of life from the earliest ages. In fact, among the stone tablets discovered during the last quarter of a century in the ruins of ancient Sumar, which tablets form part of the libraries of kings and rulers who lived centuries before the days of Abraham, we learn that a merchant about to depart into a far country and willing to convey the goods of another merchant to the purchaser

in that far country gave surety that he would deliver the goods as agreed, collect the price and pay it over to the seller. Again we learn that a man about to depart upon the "way of the king" (upon a military expedition) took surety from his steward that he would faithfully administer his estate in his absence.

Coming to a period with which we are more familiar, it would be remembered that Benjamin was held by his brother Joseph as surety that his brother would return into Egypt. In the days of Solomon, King of Israel, suretyship was so common that it seemed wise to the King to caution his people not to become surety for a friend. But suretyship as a business or, as I prefer to think of it, as a profession, dates from the early part of the Eighteenth Century and originated so far as I have been advised in London, England, where the business was developed to a certain extent, being confined to what we now call fidelity suretyship and from there was transplanted to this country some thirty or forty years since, and in that time there have developed in this country eight or nine companies transacting suretyship as a business and strong enough to furnish their clients with satisfactory service, besides a number of other smaller but very useful companies.

Suretyship has been best defined as the guaranteeing the fidelity of persons holding positions of public or private trust, the guaranteeing the performance of contracts other than insurance policies, and the executing or guaranteeing bonds or obligations in actions or proceedings or by law allowed.

I think a single reading of this definition will convince the reader that the field is a broad one and covers every branch of credit not covered by banks. Should the question occur to you, in what way can suretyship aid foreign commerce, the answer will be equally obvious, that it does so by making the credit of a business man who at home is entitled to that credit equally good anywhere in the world, whether he be known there or not, so that one entitled thereto can be placed upon the same credit footing in Buenos Aires or Rio de Janeiro as he finds himself in his home-town of Indianapolis or St. Louis.

Specifically, if a foreign buyer requires suretyship that goods will be delivered in accordance with contract, the surety company will furnish a bond signed by a local surety satisfactory to that foreign buyer that the American merchant will fulfill his contract.

If in a foreign country where you are relatively unknown suit is brought against you in the courts, or if you desire to bring suit therein, the bonds necessary to enable you to postpone payment pending litigation, of the claim asserted or to maintain your action and obtain the necessary remedies will likewise be furnished by a surety satisfactory to the court. Should you desire to transact business in a foreign country whether it be one requiring a franchise or not a like surety will be obtained on your franchise, your license, or your permit bond. Should you desire to qualify as trustee of the estate of a deceased or an insolvent debtor in order to best protect your interests the surety company here who knows you will be prepared to furnish a satisfactory local surety.

Likewise should a native of any Latin American country be in need of similar suretyship in the United States it would be possible for him, through the correspondent in that country of a surety company in the United States of America, to obtain suretyship in any State in the United States where such suretyship is needed provided his credit or the collateral offered entitled him thereto.

For convenience suretyship has been divided into certain general classes, some of which are not at all likely to be required in connection with foreign commerce. But the following are all quite likely to be needed at some time by anyone transacting business abroad: Fidelity (all classes); Fiduciary; Customs and Internal Revenue; Contract Depository; Court; License, Franchise and Permit; Lost Security; Lease.

Suretyship is based as I have said upon credit just as much as banking, and that credit is based upon character, capacity and financial responsibility. The possession of something of each one of these qualities is required in connection with almost every branch of suretyship but the proportion in which they enter into surety underwriting varies according to the nature of the bond required. But always all three must be present, for you may not safely write a bond as surety of a principal of known bad character even though you hold the best collateral to the full amount, nor may you safely become surety for one who lacks the capacity to perform that which he has undertaken, and to a greater or lesser extent financial responsibility is always involved.

In the case of fidelity suretyship, the predominating quality is character. If the applicant is of good character unless his lack of capacity is very marked it may

be presumed that the employer has inquired into and satisfied himself that the proposed employee is capable, and financial responsibility enters into the question only in so far as one must know that the employee's resources and obligations are in proper proportion to each other. On the other hand, when one executes a bond in a judicial proceeding generally speaking the only inquiry as to character and capacity is to ascertain that the principal be in good repute among his associates, the emphasis being upon his financial ability to meet the demand when it matures and for that reason quite frequently collateral is required.

In the case of a contract bond all three elements enter into the question for a principal of questionable character cannot be trusted to perform his contract if it appears to him to be contrary to his interests so to do. If he lacks capacity he will be unable to perform, and if he lacks financial responsibility he is quite likely no matter how capable he may be to find himself unable to perform his contract.

It will be apparent from these comments that suretyship is based fundamentally upon credit just as much as banking. It will be obvious that credit must be based upon acquaintance and confidence and, therefore, a person should apply for suretyship to one who knows him—preferably to one who knows him at home. Therefore, it seems best to so arrange that when an American desires suretyship abroad he should apply to a company in America and that company should procure and indemnify a foreign surety, and equally when one not a resident of the United States desires suretyship for use here he should apply to a surety at his home who will procure and indemnify the surety here.

May I hope that this short article may advise some not familiar with corporate suretyship of its value in the promotion of Pan American trade and thereby assist in developing that intimate business relationship between the various countries in America which we all desire and to hasten which we have met here in this beautiful building.

INVESTMENTS IN LATIN AMERICA

By MR. ALFRED O. CORBIN, MANAGER FOREIGN DEPARTMENT, A. B. LEACH & Co.,
NEW YORK.

Mr. Chairman, Ladies and Gentlemen: As Manager of the Foreign Department of A. B. Leach & Co., Inc., New York, I am particularly pleased to be able to say a few words with regard to foreign investments, because it seems to have become customary to eliminate the investment houses from any of the discussions at conventions, although every one is telling every one else, that we have to buy foreign securities in order to promote foreign trade.

This last point, no doubt, is perfectly correct and logical, but in the final analysis, the investment houses will have to do the buying and the distributing of such securities; they are thus closely interlinked with the foreign trade development and they should therefore be consulted and heard, especially so as the problems which we are facing today are well nigh unheard of in the history of finance.

I am going to be short, sincere and to the point!

What are we going to buy, and how are we going to buy?

Do you all sufficiently appreciate the untold difficulties with which we are confronted today and which make things almost impossible for us?

Take for instance Europe! Her exchange situation is already perplexing—Sterling is down to 4.60, Francs to 6.40, Lire to 8.10, Danish Crowns to 23.50, Norwegian and Swedish Crowns to 25, Dutch Guilders to 38½, Austrian Crowns to 4 cents, German Marks to 8 cents, etc.

The dollar is yet at a discount in Spain and Switzerland, but that is only a matter of a few more weeks, and what will be the future of all the exchanges when all those countries will have to import practically everything from us, unless we make up our minds to come across and loan them money?

We have to buy foreign bonds, but the only things we can buy over there, without being reasonably certain that we cannot buy them cheaper within a few months from now, are dollar securities, and this, I am sure, will be done before we are much older.

I am not one of those who claim that Europe is bankrupt. Far from it! Europe today offers us opportunities like we have never had! Not only does she offer to buy our goods, but also to sell us her securities at attractive prices;

and once she gets those goods she will begin the great task of her rehabilitation: and meanwhile our investments will enhance in value and will be repurchased by her, long before they become due.

America was never more God's country than she is today: No opportunity like this was ever bestowed upon any nation.

They all want money over there and they will pay for it too. Little do the allied or the neutral countries care what they pay, so long as they get it fairly reasonably. The goods which they will get from us will only cost so much more. What does that matter, so long as they get them and can begin their work?

Europe is going to be helped, and she will be helped, in two ways: (a) by long term credits; (b) by the sale of securities; and the above will materialize before you and I are much older. And apart from Europe, there is Central and South America to which we have to turn our investment attention. But optimistic and full of good-will as we all may be, this field, large as it may seem, is yet small—very small from the investors point of view.

A few of the Governments may be able to successfully float an issue: Some cities like Rio, Sao Paulo, Montevideo, Buenos Aires, Valparaiso, Lima may be taken here, but until such time as there will be a more thorough understanding of each other's good qualities and of the wealth and possibilities of all the Central and South American nations, until all these countries will have a modern currency system: and until this democratic Government will adopt a different attitude to Mexico, there can naturally not yet be as ready a market for such securities as we would so much like these to be.

Our investors are very conservative: much more so than anywhere else, and big as the U. S. A. may be, they all seem to thrive on the fertile plains of Missouri. Some of our financial leaders have been advocating the formation of investment trust along the lines of those existing in England, in order to facilitate the placing of foreign securities in general, and Central and South American securities in special, but I am not a believer in this kind of a bond for our American investors. It is not the kind of an investment which would go in any large quantities, and apart from a great many other objections, it lacks "scenery" and is too much akin to the old ill-fated blanket mortgage debentures.

The American public will buy Central and South American securities but it will come along the lines of the least resistance, and it will require a long period of education. And it is therefore that I wish to urge all of you, gathered here today, representing the various countries of Central and South America, to go back to your countries and tell them, that they can probably sell securities in America but that they can only do this on any large scale if they teach the American public that these countries are the most wonderful countries on the face of the globe: That their credit is sterling; that their currency systems are reformed and up-to-date, that their business methods are second to none, and that the American investor will have better protection there than anywhere else in the world.

That will be your task and for that a prolonged campaign of education and propaganda will be necessary, and I am sure that if you go about it in the right way, that you will find the Americans pretty good students.

And it will furthermore be of the greatest importance that you should establish the proper banking facilities, so that your securities would always be regularly taken as collateral by the American banks, one of the points which so often is overlooked, and better yet, your banks should come over here and establish such facilities on a large scale.

And to Washington I would say: "help us," and don't leave us like the lonely caller in the desert the moment we go ahead!

I am an optimist; I see a wonderful world in the near distance and at the horizon of that wonderful reborn world I see in silver letters the words "Pan-Americanism" like so many stars in Heaven. May it be so.

ENGINEERING AIDS TO COMMERCE

RAILWAYS IN THE AMERICAS

By PERCIVAL FARQUHAR, NEW YORK.

(Read at the Afternoon Session of Thursday, June 5)

In the Americas railways have preceded wagon roads and have been the means of transportation and development of the interior in a sense not true with the eastern hemisphere.

There is a general similarity of conditions between South America and the United States as distinguished from Europe outside of Russia in that transportation averages large distances to the seaports owing to the great bulk of the countries, compelling attention to grades, train loads, etc., not necessary in Western Europe where no portion of any country is distant more than a few hundred miles from a seaport on the Atlantic or on the North, the Baltic, the Mediterranean, the Adriatic and the Black Seas penetrating the continent in so many places.

In the United States railways have been constructed by private initiative and capital with the one exception practically of the mountain and desert link of the first transcontinental line, and their location and construction were carried out with a view to operating results as the only expectation of remuneration was from the net earnings to be obtained through the transportation of freight and passengers. Trunk lines with low grades, capable of carrying heavy train loads have enabled transportation in the United States to be carried at the lowest rates of any part of the world. The well distributed, cheaply mined coal of good quality has contributed to this also. As a result railways in United States paralleling river and canal navigation have largely superseded the latter in the economical handling of freight.

One great problem that railways in new countries have to meet is the opening of sparsely settled, undeveloped territory in order to permit of its settlement and development. Here, unless railways come first, the development may be long delayed and this has led many South American countries to foment the construction of railways by a guarantee of interest on the capital necessary to construct them. Where this has taken the form of a guarantee per kilometer or mile of railway construction, it has led to the location of the railway with a view to cheap construction for such unit of length and a constant use in both directions of the maximum of grade allowed in the concession; with the result usually that such railways cannot transport the produce of the country from more than a few hundred miles in the interior, and can never be made into an efficient apparatus of transportation no matter how much money may be spent on them. This character of construction should be limited to branches of well located trunk lines and in cases where they themselves could not become trunk lines or have a heavy traffic. In many cases the temptation of the meter gauge railway has been yielded to owing largely to the sharper curves of which it admits and some small economies of construction. But the penalty paid in the operation of the narrow gauge railway increases with its length and the lessened stability of the trains requires much better upkeep of the track than is the case with the standard gauge, and for obvious reasons when once fastened on a country the narrow gauge is difficult to be gotten rid of. In a country like Argentine, where in general there are no cuts, no fills and no bridges, the narrow gauge adopted by some foreign railway interests and by the Argentine Government lines has the less defense. The bulk, however, of the railways of Argentine by an accident of some old Crimean rolling stock are 10 inches wider than the standard gauge and yet the cars and locomotives are no wider than American standard gauge cars, which deprives these railways of the great advantage of the heavier train loads which the wider gauge should give them.

The largest of the European countries and one which at present would hardly be considered a guide for anything in the economical sense, Russia, has successfully used a formula for railway construction which not only is theoretically sound but has worked unusually well in practice. Under this the so-called private railways were constituted with somewhat less than one-half of the railway mileage of European Russia and gave an efficient transportation system with the next lowest rates in the world to those of the United States. The principle was that of enabling capital to be raised at the lowest rate of interest possible by loan of Government

credit, at the same time securing efficiency in the expenditure of this capital in the construction of the railways and in their operation afterwards through private management with a sufficient financial stake in the results. The State furnished $\frac{1}{20}$ of the capital in the form of guaranteed bonds and private capital $\frac{1}{20}$ in the form of stock. The net earnings went somewhat as follows: 2 per cent on the guaranteed $4\frac{1}{2}$ per cent bonds, then say 2 per cent. on the stock, then 1 per cent on the bonds, and then 2 per cent on the stock, then the balance $1\frac{1}{2}$ per cent on the bonds, completing the $4\frac{1}{2}$ per cent interest guaranteed, and then 2 per cent on the stock, completing 6 per cent dividends, after which the surplus net earnings were divided, in some cases four-fifths to the State and one-fifth to the stock, or in some cases nine-tenths to the State and one-tenth to the stock, that is, in a proportion either four-fold or two-fold greater to the stock than the proportion of money represented by it.

The directors were elected by the stockholders of the company and the railway was operated with a keen sense of the advantage of valorizing the property in the interest of the stockholders. As a matter of fact before the war the stocks of these private railways earned so well, even at the lowest rates of transportation of any railways in Europe, that they sold from 200 per cent to 500 per cent on their invested capital, and no one grudged their returns, as the State fared so well on its proportion.

The feature of this plan is to make it at all times the interest of the private capital and its managers to locate and construct the railway with a view to its operation and to manage its operation efficiently, and this is one of the reasons the Government gives the stock some of the results before it gets the full return on the bond capital.

The formula, with some variations, might well suit the conditions of railway development in the Americas, especially South America.

In fuel South America has been handicapped compared with the United States and with Europe. The further increase of miners' wages and reduction of the hours of labor in Wales, hitherto South America's chief source of supply, emphasize her need to develop local fuel: powdered Brazilian and Chilean coal which gives good efficiency and the great areas of oil of the Andean slopes both East and West. Oil is the widest distributed of fuels and is found in quantity where formerly geologists considered it impossible to exist, and is not unlikely to be found in other areas of South America where it is not now known. Cheap fuel is a key to the problem of cheap transportation in South America, and cheap fuel is not likely to be obtained from another hemisphere.

New railway construction in the Americas now confronts special difficulties—the high cost of rails, rolling stock, material, supplies and labor for construction and also fuel for operation, likely to continue indefinitely, and the indisposition on the part of public authorities and public sentiment in all countries to allow railways to make much profit even in the rare cases where their rates and concessions would permit them to do so, to say nothing of the present unusual demands from so many sources converging on the money markets of the world. It is not easy to foresee just how the requirements for railway development of the Americas in the near future are to be met.

This is a grave enough problem in the United States, concerning the danger of not meeting which we have had repeated warning from one of our greatest railway authorities, Jas. J. Hill, but it is even more serious for our South American neighbors whose total railway mileage is 45,000, compared with 270,000 in the United States, half the area of South America. This disproportion is even greater than it seems, as half of the area of the United States is arid, semi-arid or roughly mountainous, which is several times the proportion of South America which must be subtracted from possible area of development.

Nothing, however, can be worked out which will result in serious railway development until public sentiment has been educated to the point of view that capital invested in railways is just as much entitled to a remuneration as capital in industries such as steel mills or motor companies. It is to be hoped that it is possible to have the public arrive at this realization without too much delay, as the railways are the arteries of the national development, and nothing would be more prejudicial to the public interests than to have them atrophied in any way—a state to which they are too nearly approaching in this country.

I have left out of account as a possible method of handling railway construction and operation—that of State owned and operated railways, as recent experience of Governmental operation in the United States and in England has been

of a nature to open the eyes of many previous partisans of this course to the inevitable objections to it. The palsy which at once creeps through the organization upon the entry of Government management has been too apparent to the traveling and shipping public.

In addition to new construction there is a vast amount of deferred betterments on the existing railways in the Americas—additional rolling stock, sidings, new rails, additional terminal facilities, etc. The legislation of the Congress of the United States in connection with turning back the railways here will determine to what extent these betterments here can be financed and carried out.

The railways in Latin America have been financed practically entirely with European, especially British capital, and the railway companies concerned have been organized as a rule in the countries furnishing this capital. It cannot now be determined to what extent Great Britain and other European countries will be able to finance the requirements of their railway companies in this hemisphere, but it would seem that the demands on them for capital at home and from their colonies might not leave available sufficient funds for their railways in Latin America so that they may wish the United States to join in this financing which will run into large figures. This at the same time would be in the interest of the stability of the investment.

In such a case some formula must be worked out which would enable the United States to join. As the world's peace depends largely upon the ability of the present allies to continue to work closely together, industrial cooperation in investment in foreign fields would be helpful.

LIGHT RAILWAY TRANSPORTATION SYSTEMS

By CHARLES F. LANG, PRESIDENT, LAKEWOOD ENGINEERING CORPORATION,
CLEVELAND, OHIO.

(Read by Mr. Lloyd Brown, Vice-President, at the Afternoon Session of
Thursday, June 5)

The amazing use of the light railway by all the belligerents during the world war has very naturally given rise to the question as to whether this method of transportation has received in the past the attention which it deserves as a means for solving one of the most important phases of transportation, namely, a cheap method for the initial transport of agricultural products as well as certain minerals and other raw materials from the place of their origin either to some trunk line railway or to a nearby market. During the war many thousands of miles of light railway were built and used by all the warring powers on all fronts.

As is well known, the trunk line railways furnished the back bone of support for the armies during the war. These trunk lines had to be protected and held at all costs because of the tremendous quantities of supplies, food and ammunition which were daily needed by the armies. The great defense trench systems, therefore, were developed some substantial distance in advance of the trunk line system to be supported, the trunk line railway being sufficiently in the rear of the trench lines to be entirely beyond the range of artillery fire from the enemy. Means of transport had to be provided from the trunk line railway to the supports in the front line trenches. To accomplish this end, means of transportation had to be used—horses, mules, carts, wagons, automobile trucks, and last but not least, the light, narrow gauge military railway; this latter because it can be made available not only for use on or alongside the main highways which were also used by the horses and motor drawn vehicle, but also because it could be laid in any direction through the fields so as to reach, by the most direct route, any desired point. By the liberal use of switches, these narrow gauge railways could radiate and extend in all directions from the main trunk line, radiating, fan-like, all over the country to be served.

On these railways much heavier loads were transported and in longer trains than had ever been considered possible before the war. This was largely due to the fact that the ties used were of a special oval channel form, nearly twice as heavy as the ties heretofore used on light railways; and, moreover, these ties were spaced only two feet from center to center of tie, and the channel dished

formation wedging itself into the soil made the track more rigid than was possible in the more common commercial uses of light railways.

The story of the light military railways will undoubtedly be written by some engineer historian, as it deserves to be, and the study of such a history should lead to a rapid development of the light railway for commercial, agricultural and industrial development throughout the world.

The marvelous development of the standard gauge railway within the past century has opened up for development many hundreds of thousands of square miles of territory throughout the world, but in many countries as yet this development sticks close to the line of the railway itself.

Railways being even yet a new system of transportation, many mistakes have been made in the building of standard gauge railway lines through sections which could not support and maintain such railways. This has been especially true in the western part of the United States and even in some sections of the east, with the result that hundreds of miles of railways have been permanently unprofitable, and many have been totally abandoned; and as a result of the attention called to this fact by the unusual conditions growing out of the war the abandonment of many more is even now being seriously considered.

Another method of transportation which has existed from time immemorial, but which has only recently begun to have had serious consideration on the Western Hemisphere, is the highway. The economic value of a well-built highway has been recognized in Europe since the time of the Romans, and it is astonishing that this system of transportation should have received so little consideration by the progressive peoples of South and North America.

I regret that I am not able to speak from knowledge regarding highway construction in South America, but in North America, both Canada and the United States, we have awakened to the necessity for well constructed and well maintained highways, and both countries have entered upon an enormous program for road construction which gives promise of exceeding in volume, the great rapid growth of railroad construction which followed the Civil War in the United States.

It is my belief, however, that neither the standard gauge railway nor the well constructed, paved highway will ever solve the transportation problem in countries of the Western Hemisphere. The highway will aid greatly in developing the sections of the country through which it passes, just as the standard railway has done, but the development will necessarily remain close to the highway. The highway also will do much toward relieving the short-haul problem to a nearby local market, this short-haul having always heretofore been one of the sources of loss to the standard gauge railway.

It must be admitted, however, that highway construction, at least the paved, hard surfaced highway, is so expensive to build of sufficient strength to stand up for years under the weight of traffic which passes over it that only fairly well settled communities can afford to make the investment. In other words, the highway will be largely built through communities already settled and developed for the purpose of taking care of the traffic which this developed territory creates.

We have then still before us the problem of some cheap method of transportation for sparsely settled or undeveloped stretches of territory, or for the purpose of connecting up large plantations or farms with their nearest markets or with their nearest trunk line railway. This problem has received more attention in South America than in North America, and it is also being given serious consideration in such distant countries as the Philippines and South Africa where long stretches of country now have as their only means of transportation the ox-cart. These countries, confronted with the necessity for providing some better means of transportation, find it difficult to justify the building of expensive highways through long stretches of sparsely settled country, and yet must reach many points considerable distances from the few trunk line railways in the country.

It is not my purpose within the very brief limits of this paper to go into the engineering problems involved, nor into the cost either of constructing or maintaining light railways, nor to compare such construction and maintenance costs with similar costs for standard gauge railways or paved highways. It is my intention and desire simply to briefly outline the possibilities of the value and economy of this method of transportation over the other two systems referred to.

The limitations of the standard gauge railway are so evident that it is unnecessary to refer further to them here: The paved highway is such a new

development in the Americas that the most experienced engineers are constantly revising their opinions and judgment regarding them, due largely of course to the advent of the automobile and the auto truck with its trailers. Highway engineers with wide experience will verify the fact that it is almost impossible to make in advance any road census over a particular stretch of road. The development is so new that it is difficult to judge in advance how much traffic, either passenger or freight tonnage, will be diverted to the improved highway once it is built. This difficult question has been further complicated by the very rapidly increasing number of passenger automobiles and the ever-increasing number of automobile trucks with their constantly increasing tonnage capacity, and, recently, the development of trailers for trucks, that even the most farsighted of American engineers have been compelled to throw up their hands, and mile after mile of improved highways in the United States and Canada have been completely worn out and destroyed within a very short time after their completion, due to the constantly increasing traffic over them.

With the entry of the United States into the war, the congestion which developed upon its railways necessitated a tremendous use of the highways for military transport of all kinds, and hundreds of miles of well constructed highways throughout the eastern part of the United States were practically destroyed by this unexpected use to which they were subjected; and yet the value of the highway as a means of military transport was recognized as never before, and is therefore receiving very serious consideration.

The highway, however, permits only of the haulage of comparatively small loads by power drawn vehicles with perhaps only a limited possible future development of the trailer and haulage in short trains behind the automobile truck itself. These trains necessarily must always be short and of limited tonnage because of the congestion, confusion and danger of accident which would occur were many long trains hauled even if such a development were ever possible.

There are also many other items which should be considered aside from the maintenance of the highway, namely, the large investment by individuals in motor trucks and other equipment for operation over the highway, the depreciation and maintenance of such equipment, interest on the investment, cost of operating, provision for housing, etc.

The light railway in practically all countries in North and South America can be built and can be maintained with a smaller investment than a well paved highway. On it much longer trains can be hauled at a lower per ton mile cost. Such a railway could, as might be more advantageous, either be built alongside of and paralleling unimproved highways now existing, or, following the practice of standard gauge railways, could be built more directly from point to point without following the meanderings of the average highway. At a comparatively small expense, every plantation owner or farmer could have one or more switches with branch lines running to his barns or to his fields, and could load his products directly into the railway car either in the field or at his barn, hauling the car by means of horses, oxen or mules to the main line of the narrow gauge railway where it could be switched into the train for transportation to market.

In the operation of the system, the conductor of the train could be provided with the necessary bills of lading, so that proper documents could be prepared at each farm to cover the articles to be transported, saving to all the farmers on the route the necessity for taking their own time to transport their goods to local markets or to a standard gauge railway station for retransportation to distant markets.

Trains could be run with greater or less frequency as the traffic may demand so that operating costs would be quite flexible with the traffic. It has even been suggested that in sparsely settled territories which might not warrant the expense for a first-class highway, the narrow gauge railway could be used, first, for the construction of a cheaper improved highway which would be sufficient to carry light passenger traffic, and, second, the railway having been used for such construction could be used as a railway for the heavier traffic, both the railway and highway put together costing less per mile than a hard surfaced road would cost at the present time in the United States or Canada.

It has been my intention merely to present this skeleton suggestion of a cheap method of transportation, realizing full well the many engineering problems involved in the development of such a system, among which would be better methods of laying track, various improved types of cars for different kinds of produce and freight, the question of whether the car bodies should not be of such type as they

could be transferred from the narrow gauge trucks onto standard gauge trucks at the standard gauge railway without the necessity for unloading from narrow gauge cars into standard gauge cars, the matter of more satisfactory locomotives or motive power for such railways, whether such railways should be privately owned and operated or owned and operated by the national government or the local community government. These questions would be beyond the limits of the time allowed, but I believe the whole question merits the very serious consideration of the engineers of North and South America.

AERIAL WIRE ROPE CONVEYORS AS FEEDERS FOR RAILWAY AND SHIP LINES

BY DR. WALTER C. KRETZ, M. E., JOHN ROEBLING COMPANY, NEW YORK.

(Read at the Afternoon Session of Thursday, June 5)

In South and Central America transportation is one of the most urgent problems. There are many localities rich in mineral or timber, or, again, capable of being developed into agricultural centers which are not utilized because the product cannot be brought to market and because the workers could not be kept supplied with the necessities of life, and there are others to which access is extremely difficult and costly under present conditions. The result is that the population is largely concentrated at certain points where a great proportion of it lives very poorly, while productive areas lie waste. Many of these centers are connected by trunk line railways with each other, or with seaboard, but branch lines opening up the intervening stretches are scarce. The reason for this is that as yet the southern continent is but sparsely inhabited, and that so far, at least, the rate of increase is slow. There is not sufficient tonnage, therefore, to be moved from and to points off the main line to make standard gauge branches a paying proposition, and the prospects of developing such tonnage through speculative construction—as was done in the United States—are not sufficiently good to tempt capital. And even of those districts which have direct rail connection to seaboard many are held back due to the great difficulty and sometimes danger of transporting freight and passengers between the shore and the vessel. This is particularly true on the West Coast.

That these conditions must be improved before South and Central America can be developed effectively is not open to doubt, and a discussion of one method of transportation which has proved very useful in certain cases should therefore prove of interest. This method is that of transportation by means of aerial wire rope conveyors.

There are two classes of such conveyors, viz.: "Cableways" and "Tramways." Of the former there are two general types, namely, "Transporting" and "Hoisting-Transporting," and of the latter there are also two types, namely, "Single Rope" and "Double Rope." In both cableways and tramways the loads are suspended from carriers by means of appropriate devices, and these carriers are taken from one point to another free from the ground by means of wire rope. Usually the carriers are equipped with wheels which run on a rope stretched from tower to tower as a track, the motion being controlled by a second rope called the "traction rope," but in one type of plant the carriers are fixed directly to this traction rope which moves them along and supports them at the same time.

The difference between a cableway and a tramway is that in the former the carrier—of which, with very few exceptions, only one is used—may be moved in either direction along the track cable, while in the latter the carriers—of which now there is generally quite a large number—travel in one direction only. Cableways may be so arranged that they merely transport loads between two fixed points—this being the "Transporting" type—or so that they can pick up or lower a load at any point along the run, and also carry it from point to point, this being the "Hoisting-Transporting" type.

The transporting type of cableway is the cheapest form of aerial wire rope conveyor which can be built. It requires but a single track cable, a single carrier, and an endless traction rope operated by a simple reversible engine; or, if gravity can be used as the motive power, two track cables, two carriers, and a brake-system, but no engine. A plant has been built at the Rosas Mine in Sardinia, where two carriers run on one cable, one going up while the other goes down, and the two

being arranged to pass each other by means of a rail carried on top of each in a special manner, but this system is unusual.

While the type last mentioned is, as stated, the cheapest to build and operate, it has very limited applicability, for the restriction that only one carrier can be used on one track cable necessarily results in a low capacity, except when the distance is quite short—say 800 meters or less—and the contour of the ground over which the line runs is of a special nature so that the track cable can be stretched in a single span and individually large loads can be moved at high speed. As soon as the track cable must be supported at points intermediate to the two ends, the speed at which the carrier may be moved along it is cut down to a maximum of 200 meters per minute, which, of course, makes the operation quite slow. So that this type of conveyor is in general used only for specific cases, such as that of a mine on a side-hill located some hundreds of meters away from and some distance above a railway track, or for mines with a small output—of say 25 tons per day—which are located a few kilometers from the nearest loading point.

On a hoisting-transporting cableway the carriers and engine are so arranged, as previously stated, that a load may be picked up and deposited at any point along the run. This, of course, necessitates the use of at least three ropes, namely, a track-cable, an endless rope for moving the carriage back and forth, and a hoisting rope for raising and lowering the load, and an engine with two independent drums.

Owing to these complications the length to which a hoisting-transporting cableway can be built is definitely restricted to that at which a cable of the maximum useful size, when stretched in a single span between two supports, will safely carry the loads. Of course, the greater the sag which the track-cable has, the less the stress in it, and consequently with a large sag, or deflection, a long span could be installed, but as the sag is a percentage of the span, a heavy sag would mean excessively high end supports except under unusual conditions, and it is objectionable also, because the load has to climb a very steep grade near the towers. So that, on the whole, 400 meters is about the maximum length if loads of several tons are to be transported, and 1,000 meters could probably not be exceeded under any conditions.

Hoisting-transporting cableways also are quite expensive to build, and for all these reasons they are useful only where a very large mass of material distributed over a reasonable small space is to be moved to a certain point. Stone quarries or heavily timbered areas offer good examples. In both, cableways have proved very valuable in collecting blocks of stone or logs, and moving them to railway cars on a siding running near one of the towers and under the track cable.

A certain modification of the hoisting-transporting cableway is sometimes found of service. This is known as the "radial type." In plants of this nature one tower has a fixed position, but may be revolved around its vertical axis, while the other tower may be moved around the periphery of a circle having the fixed tower as a center and the span of the cable as radius. Such installations are possible only where the country is fairly level. A plant of this sort has been built to handle the material of a placer gold mine, and it is quite possible that caliche could be collected more cheaply in some localities with such a cableway than with present methods.

From all that has gone before, it will be seen that cableways are useful in specific cases for bringing material to a railway or to some other fixed point from contiguous territory. For long distance transportation wire rope tramways can often be employed to advantage.

As stated before, there are two types of tramways, the "Single Rope" and the "Double Rope." In the former an endless rope to which carriers are permanently attached at intervals, rests on sheaves located on the two sides of each of a number of towers set in a straight line and as far apart as the nature of the ground and the strength of the rope will permit. At one end the rope passes around a tension sheave, and at the other around a friction sheave, which latter is connected either to a brake if the plant is operated by gravity, or to an engine if it is operated by power.

In the double rope tramway heavy fixed cables (called track cables) are stretched from tower to tower, one on each side, on which run carriages equipped with wheels, the loads being suspended from these carriages by means of appropriate carriers. The carriages are connected to a relatively light endless traction rope resting on and running over sheaves on the towers near to the two track cables. This traction rope, as in the single rope system, runs around a tension wheel at one end of the line and around a friction wheel at the other, and is controlled by a

brake or power as the case may be. It is evident that double rope plants can be built to have a much greater capacity than single rope ones, as a large part of the dead weight is supported by the fixed track-cables, and also that, while a double rope tramway costs more to build in the first place than the other kind, the expense of upkeep is smaller, as the traction rope—which is the one subject to the greatest wear—is lighter and the weight on the sheaves over which this rope travels is smaller.

The two end-stations of wire rope tramways are known as terminals. In most cases the amount of material moved along a tramway in one direction is far greater than that going in the other, and the end station at which the majority of the loads are placed on the line is therefore known as the loading terminal, while the other is known as the discharging terminal. The side over which the majority of the loads pass and which is the one on which the carriers run *from* the loading to the discharging terminal is known as the loaded side, and the other as the empty or unloaded side. On very long double rope tramways it is found necessary to have intermediate anchor stations so as to keep the track-cables taut. These are usually from two to four kilometers apart. At these intermediate stations it is possible to attach additional loads to the line, but the system is somewhat complicated. The terminals and intermediate stations are by far the most expensive individual items of a tramway, and hence the cost per meter becomes excessively high if these stations are too close together. Consequently, tramways of less than a kilometer in length say, or where much switching in is to be done, are not, as a rule, paying propositions.

As far as the maximum length of line goes, the distance between terminals is limited by the strength of the traction rope, which rope is rarely made more than 25 m.m. in diameter, on the double rope system, as otherwise it becomes too heavy. It is evident from the fact that the loads are attached to the traction rope at fixed intervals, which usually run in the neighborhood of 100 meters, that the longer the line, the greater the weight which this rope must pull. If the territory is level friction alone has to be overcome, but if there are grades the traction rope must not only pull but also lift the total mass. Consequently the length between terminals is dependent on the size of the traction rope, the weight and spacing of the loads, and the inclination of the track, and it can rarely be made to exceed 10 kilometers. It is, however, not a difficult matter to increase the total length by building several tramways end to end, each with its separate traction rope and engine equipment. The stations at which one ends and the other begins are known as intermediate terminals. The carriers can be passed from one traction rope to the other automatically at these intermediate terminals, so that attendants here are not actually necessary, although it is usual to have them. Also switching of loads in and out at these points is easily done, and a turn in the direction of the line causes no difficulty. So that the maximum length of a system of tramways of this sort is limited only by the question as to how far it pays to move the material which is to be handled.

In double tramways the carriages are connected to the traction rope either by means of grips fixed onto the frame of the carrier and which can be attached to or detached from the rope at will, or by means of some device on the carrier which engages lugs permanently clamped onto the rope at fixed intervals. The former is in general the better system, as it gives greater flexibility and also preserves the traction rope, for it is found that the wires of this rope ultimately break at the ends of the lugs due to the constant bending back and forth at these points.

Tramways can be erected almost anywhere on land, and even out to sea in some cases; ravines and rivers, and steep mountain slopes offer no insurmountable obstacles. Their range of capacity runs from ten to about one hundred tons per hour—and tramways therefore offer a means of mechanical transportation for tonnages which are too small to be handled economically on a railway. They function, if properly constructed, with nearly absolute safety and regularity, and the operating costs are low. The limitations of wire rope tramways are, in the first place, that loads can be placed onto and taken off the line only at specific points, which points should, for the sake of economy, be several kilometers apart, and are further determined by the nature of the territory over which the line runs. In the second place the speed of travel is rather low, as 185 meters per minute cannot well be exceeded. In the third place the size of individual loads which can be moved is limited. Tramways can be built to carry several tons on one carrier, but in that case the plant will be much too heavy and unnecessarily expensive for

lighter units. In other words, the load per carrier should be reasonably uniform, and, in most cases, will have to be one ton or less. In the fourth place, tramways must be built in a straight line, or in a line consisting of several straight sections, and each one several kilometers long. The reason for this is that while turns can be made anywhere, such angles complicate the design materially, and it is usual, therefore, to confine them to intermediate terminals, where the carriers are transferred from one traction rope to another and such terminals are, as already stated, expensive, and it is not well, therefore, to multiply them.

It is of the utmost importance, if satisfaction is to be obtained, that tramways be properly designed and erected. This work should be done by experts, and it is a great mistake to think that troubles are easily avoided. To mention merely a few points, we might call attention to the following: In the first place, the height and location of towers must be carefully studied and as the material must usually be built on the basis of a survey it is absolutely necessary that this be accurate. A few feet of error in contours, or failure to state that certain points offer unsafe foundations, or are subject to snow-slides, etc., may cause endless difficulties. Next the class of material to be handled must be accurately known. If the output of a mine is to be transported, for example, and an incorrect weight per cubic meter is assumed, all of the buckets will be of the wrong size. The nature of the grip is also important. A good grip must hold the load safely on every grade on the line, and if the tramway is built in sections it must automatically adjust itself to variations in the diameter of the traction rope, besides having other characteristics. The width of the towers also is an item. Cases are known where during a storm empty and loaded buckets collided and locked, and sections of the traction rope from one side were blown over and entangled with the track-cable on the other side, causing great expense and loss of time. Even such a simple thing as the shape of the saddles carrying the track cable is of moment, for on this depends to a large extent the service which the track-cable will give. These cables are destroyed partly by the rolling friction of the wheels running over them, and also by pounding on the saddles and by vibration, the effect of the latter being concentrated at a point near the supports. And so there are a number of details, all of which must be properly taken into consideration if a successful plant is to be built.

Probably the majority of tramways which have been put into service so far are used for the transportation of ore, as a mine located within a reasonable distance of a railway offers the most ideal conditions. The material is compact and heavy, the output fairly constant, and loading at one definite point is easily accomplished. A number of tramways have also been erected for the transportation of timber from the woods to a shipping point. These have some special features, necessitated by the fact that long logs must be handled differently from single buckets. In many instances they are very successful. So, for example, there is one in Mexico which is operated by six men and transports 75 to 100,000 board feet of lumber daily, doing the work of some hundred wagons, six hundred mules and four hundred men. Another one in what was German East Africa handles cedar logs up to 14 meters long and weighing as high as a ton each over a distance of about 9 kilometers. This line negotiates at one point a grade of 86 per cent and is built through exceedingly difficult territory. Tramways are also used to some extent for the transportation of passengers and general freight. So there is one in the Argentine Republic from the end of the railway line at Chilecito to Upulungos, a mining town 34.67 kilometers away, and 3,510 meters higher in elevation. The chief freight is ore which is sent down at the rate of 40 tons per hour, but miscellaneous supplies, machinery, water and passengers also are carried over it. This tramway, which is in nine separate sections, is at present the longest in the world.

Other than as railway feeders, tramways are useful also for loading and discharging vessels, especially in open roadsteads where the beach is shallow, rocky or of such a nature that it is impossible for vessels to anchor close to shore. Such installations require few and comparatively light supports, which offer no barrier to the flow of water and which are not likely to be injured by wind or waves. The method employed is to build a pier—which is practically a small island—out at sea beyond the breakers and in water deep enough to float whatever vessels may come, and then to connect this pier with the shore by means of a tramway, over which freight and passengers are carried in both directions. It seems as though the West Coast of South America should offer opportunities for the profitable application of this system.

From what has gone before it will be seen that aerial wire rope conveyors will solve many difficult transportation problems; many, indeed, which can be solved in no other manner. And that they would be very useful feeders to railway systems, useful especially where the railways end at the foot of rugged mountains, as in the Argentine Republic, or run between high ranges as in many places in Chile and Peru, goes without saying. But, like every other valuable mechanical device, cableways and tramways cannot be built cheaply. Many people seem to labor under the idea that the cost per meter of a tramway should only be slightly more than the cost of four meters of wire rope of the proper size; they forget that every hundred meters or so there are two carriers with carriages and grips, that every few hundred meters is a tower, that there are anchor stations, terminals and an engine to be considered and that the expense of erecting also is frequently high. While no definite figures can be given, as the variations are too wide, it is safe to say that few tramways can be installed at a cost of less than \$10.00 per meter.

IRRIGATION AND ENGINEERING ENTERPRISE IN LATIN AMERICA

BY C. W. SUTTON, CONSULTING ENGINEER, NEW YORK.

(Read at the Afternoon Session of Thursday, June 5.)

Mr. Barrett's telegram inviting me to prepare a paper specified the above subject and the paper has, therefore, been worked out along lines aiming to co-ordinate irrigation and engineering in Latin America from a broader commercial as distinguished from a narrower technical point of view. We are chiefly interested to treat of irrigation in that quality and relationship which it has as an enterprise or business undertaking. Owing to the need of great brevity we can only attempt to develop the simplest underlying principles or to design an appropriate attitude for the situation, in Latin America.

There as well as in the older tracks of human migration in Europe, Asia and Africa, the arid and semi-arid regions have constituted habitats where by means of irrigation the human race has been able to build its first enduring foundations of culture. The arid and semi-arid regions of Mexico and Peru presented to us at the time of the Conquistadores, the highest types of culture at that time shown by the American race. Some historians have pointed out that the Conquistadores, having found a highly perfected system of irrigation works and institutions, constituting the basis of material culture among the Mexicans and Peruvians, they, the Conquistadores, and their successors have done little or up to the last 20 years had done little to improve the conditions of the 16th century in these respects.

We may admit the criticism of our progress in the use of irrigation so far as this criticism applies to fact as distinguished from inference. Although since the time of the Conquistadores we have developed a science of hydraulics and an art in the design of structures which did not exist even in the shadowiest suggestion at the time of the Conquest and although we have added to our tools and materials of construction innumerable new types, and have widened our scales of production and consumption to a bewildering degree, yet up until the last 10 or 20 years the irrigated area of America was very little in excess of that which existed at the time of the Conquistadores.

The inference has often been made both here and in Latin America that the governmental system or the political conditions were to blame. Before making that inference, however, it would be well to compare the economic and institutional media in which the old irrigation works operated with those in which the modern works must operate.

It would be evident that the great distinction lies in the non-existence at that time of a capitalist economy, as contrasted with a more and more highly complex phase of such an economy since the Conquest. It is also true, I believe, that in that primitive medium supporting the old American irrigation works and institutions, the general cultural progress was 5,000 years behind the stage which the Conquistadores introduced in America. That old medium was grotesque, inert, static, monotonous. In substituting a democratic, so-called, or individualistic system of politics and business for the narrow and rigid despotisms

of primitive America, the only criticism that can be made of Europe is that the change was too abrupt to provide for continuity of action from the one medium to the other.

So that if it is true we have learned a great deal about the technology of irrigation and engineering since the time of Columbus, we have not either in Latin America or anywhere else in America developed to entire satisfaction a medium in which irrigation enterprises thrive under purely laissez faire policies. Our inclination to let these enterprises spring up as they can without conscious political effort to establish an appropriate institutional environment has probably been our chief error and one inherent in the first efforts to establish and develop vigorous individualism. We have sought to allow or invite irrigation enterprise to create itself out of the merely technical knowledge of the engineer on the casual or local, interest of isolated enterprisers.

During the last twenty years, however, this error has been recognized throughout America. Students of the question will be found on record to the effect that the problem of irrigation lies in the legal, administrative and institutional phases rather than in the technological ones. Governments have everywhere had to intervene in these enterprises either to establish an equitable system of water rights and administration or to stimulate and finance the settlement of lands and the successful growing of crops. The experience of North America suggests that the fundamental troubles have originated in two mistakes; first, the construction of works in advance of a demand by those able to use profitably the costly benefits of irrigation; second, the failure to extend aid, or as I should prefer to put it, create a medium in which men of small capital could overcome initial obstacles.

These mistakes or their palpable consequences have led some financiers and economists to say that irrigation was not a national problem, or that it was not an economic enterprise. Why should, in fact, the average man seeking a farm, if the average man ever does seek one these days, pay \$100 an acre for an irrigated tract in the desert when he can buy land in the humid districts nearer to the centers of the exchange of products and amenities, for \$50 an acre? But if it is true that in the United States where 25% of our continental area is in improved farm holdings, nearly all lying within districts where the rainfall in no month of the year falls below 4 inches, irrigation may not be a national problem, in Mexico where all over the Republic the rainfall is very capricious in seasonal distribution, and where over half the country is distinctly semi-arid or arid, and where probably not more than 10% of the area of the country can ever be made into improved farms, in Peru where the humid areas are sequestered behind one of the most formidable mountain barriers in the world, in Chile where conditions similar to those pertaining in Peru exist over one-third of the domain with the emphatic distinction that there is not even the consolidation of a hinter-land, and in Argentina where the most attractive and extensive domains are arid or semi-arid, in these countries irrigation is distinctly a national problem. In these countries governments and business men continue to be concerned about this problem.

A review of the question in America and throughout the world will show, I believe, that given the requisite physical condition, irrigation will thrive as an industry wherever land values are high and the political and institutional media are satisfactory for the life of other industries requiring capital and skill. What are the elements constituting such media? They may be stated as two principal ones;—first, a corporate habit; second, such a general environment as sustains the use of national and private income to produce national and private credit. If we were to point out the things which have held back irrigation enterprise in particular and engineering enterprise in general in Latin America, I believe we would indicate the lack of these two things, always of course to a relative degree. The lack of these things is of more importance in irrigation than in some other engineering enterprises only if we separate irrigation enterprise from those projects aimed to develop respective localities as a whole. Such a separation, however, is not possible in business. When we create irrigation works in a previously unirrigated country, we aim to create a new community or to extend an old one to new limits, and this involves the construction of all the public utilities and works which form the paraphernalia of a completely equipped community.

Regarded from the point of view of private enterprises of limited scope, this is always recognized by the enterpriser. He considers his irrigation works as part of an ensemble of capital goods going to make up a complete block of productive capital. He considers himself responsible for general administrative, social and industrial conditions controlling within the limits of his estate the use of that block of capital. When large communities are to be served and large amounts of capital employed in irrigation works alone, it has been found that the community itself must in some way make itself responsible for the social, political and industrial conditions, outside of the power of any one individual or small group of individuals to control. This means generally the employment of community credit in some form and implies even to that extent the existence of some form of corporate habit or habit of association for productive purpose.

This medium in which the existence of the corporate habit and the capitalization of income into credit are the vitalizing elements, cannot it would seem, be created by governmental fiat. They must arise as spontaneous growths of the regional economy and while this growth may be hastened or delayed by the course of national or international politics, it cannot be independent of the demand for capital and of the established and slowly changing currents of trade and investment.

Must we then wait for something like nature to take its course in order that irrigation and engineering enterprise may come into more active life in Latin America? I do not by any means wish to make such a statement, but only to call attention to certain limiting conditions. Within these limiting conditions, local and national governments and communities can do a great deal. The war has pointed out that there is no such thing as the older economists call a freely reproducible commodity. If this is true, then the relatively non-reproducible character of land and capital is emphatic, and conscious cooperative effort to make the most of them will be more and more requisite.

Irrigation enterprise and engineering enterprise in general is concerned with the use of somebody's land and somebody's income to produce more income. In Latin America we have for example relatively indefinite extensions of land and water resources within communities receiving a certain income insufficient in itself by mere physical accumulation to pay for any important irrigation or other engineering enterprise as fast as these are required. A bank in cooperation with some sufficiently authorized governmental institution could capitalize this income and build the works at once, which for lack of cooperation between the bank and the government is not built.

Again, where lands to be irrigated lie in such a way as to invite private construction and operation then with some advisory control on the part of the local community or government and the banking community, the issue of shares of stock could be facilitated among many local subscribers, where such issue today cannot be made because of the lack of this kind of action.

From this condition of things it is but a step to a condition where Latin American governments, desiring to carry out extensive programs of public works and to create a medium in which private enterprise can be successfully operated toward the social ends desired—could, through the creation of a national bank dove-tailing in with foreign banking institutions forming fiscal agencies abroad of the respective governments, create reservoirs of credit into which the little streams of local credit would combine with the bigger ones of national credit, to be redistributed to the security markets of the world with a multitude of guarantees not now existing.

In resumption, it is my opinion that the chief problem in irrigation and engineering enterprise generally in Latin America, is related to a more vigorous corporate habit and some system of more active cooperation between local communities represented by their governments, and a banking institution or institutions of a national or quasi-national character. Although governments cannot create a corporate habit in a community nor bring about by themselves the organization of incomes implied in investment securities, they can do a great deal to foster the natural development of these things. I hope that some suggestions as to ways and means may be brought out in the discussion.

HIGHWAYS AS RAILWAY FEEDERS IN SOUTH AND CENTRAL AMERICAN COUNTRIES

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Economical transportation has the closest relation to national prosperity. No nation can be prosperous today without a well-planned and economical system of transportation routes covering its territory. There is, however, a very general misunderstanding, even in the engineering profession, of what constitutes economical transportation. It is often assumed that the more expensive a road is in first cost, the more economical it will be in handling traffic. Untold millions have been wasted by engineers during the past half century in building transportation lines which were too costly for the traffic they had to handle. Mistakes of this sort have been made both on roads built by Governments and on roads built by private enterprise. On the other hand vast wealth goes to waste annually for lack of transportation facilities and other great sums are spent in carrying on transportation that might be saved by investment in better roads.

It may be well at this point, therefore, to define what is meant by economical transportation. The most economical transportation route or system for a certain location is that which enables the traffic to be carried over it at the lowest total cost, including in this cost not only the direct cost of moving the goods or passengers, but the expense due to building and maintaining the roadway used.

The first question in determining the most economical transportation route for a given location is what volume of traffic will pass over it? In a remote, sparsely populated district where only a few hundred tons a year will be carried over a road, the most economical road may be a narrow trail for pack animals if the road is in a mountain region, or a mere wheel track if the route lies across a level prairie. If a few thousand tons are to be carried it will pay to cut down the cost of its transportation by spending money to drain and grade the roadway, to give it better grades so that heavier loads can be hauled and to improve bad stretches where teams become stalled. If the volume of traffic is still greater, say for example, 10,000 to 25,000 tons per year, it may become worth while to spend money to secure a still better roadway, to give it a hard surface, so that it can be used in wet weather and so that the resistance to the movement of vehicles over it will be less. For a road of still heavier traffic, a still more costly road may be economical and when the traffic becomes sufficient in volume, a railway will be a cheaper means of transportation than any highway. Finally the railway which handles a heavy traffic say of several million tons a year can have a much larger amount expended on its construction to advantage than a branch-line railway which carries only a thin traffic.

These principles have long been applied by engineers engaged in the location of railways. A distinguished American engineer, Mr. E. H. McHenry, many years ago defined an engineer as a man who makes a dollar earn the most interest. He referred to the formulas which he has worked out by which an engineer after determining the volume of traffic which a projected railway would handle computed how much the company building the railway could afford to spend during construction in cutting down the grades of the railway.

Exactly the same principles apply in determining the economy of any transportation line, be it a highway, a railway, or a waterway. The question that should always be asked is what road or route or method of transport will give the lowest cost of transportation per ton-mile?

It is true that an exact determination is never possible, for the amount of traffic to be handled can never be certainly known, and other quantities also have to be estimated; but a determination sufficiently close to be a valuable practical guide can be made by the engineer who is thoroughly competent, and some attempt at solution should always be made. Without it grave errors are very apt to occur and great sums of money will be wasted.

Computing the Cost of Transportation.

In order that this matter may be clearly understood the method of computing the cost of transportation over a given road is here illustrated. The quantities to be estimated are the following:

1. The probable average volume of traffic over the roads in tons per year. If the traffic varies on different parts of the road, then determine its average density in terms of the ton-miles transported per year per mile of road. This is done of course by dividing the ton-miles of transportation over the entire road in a year by the length of the road in miles.

2. The average cost per mile of building the road.

3. The rate of interest on the money expended in the road's construction.

4. The average annual cost of repairs on the road to keep it in good condition.

5. The probable life of the road, that is, the number of years before the road will require complete or partial reconstruction.

6. The cost of such reconstruction and how much value will be left at that time of the original construction.

7. The cost of transporting goods over the road per ton-mile.

The use of these quantities in the computation may be best illustrated by an example.

Suppose a road is to be built from a railway station to a town 20 miles distant, passing through another town 10 miles from the railway. Suppose the town 20 miles away has 3000 tons of freight a year to send out and requires 1000 tons brought in and the town 10 miles away ships out 2000 tons and brings in 1000. Then the total traffic over the road in ton miles per annum will be

$$4000 \times 20 = 80,000 \text{ ton miles}$$

$$3000 \times 10 = 30,000 \text{ ton miles}$$

$$\text{total traffic } 110,000 \text{ ton miles}$$

and the ton miles per year per mile of road will be:

$$110,000 \div 20 = 5500.$$

Assume further that a road is built at a cost of \$2000 per mile for construction, that the average cost per year for maintenance is \$200, that the rate of interest on the money to build the road is 6 per cent., that the road will require rebuilding at the end of 10 years, but at that time, there will still be left \$1000 of the amount originally expended in the value of right of way, grading, culverts, etc.

Then the annual expense per mile of road will be:

| | |
|---|--------|
| Interest on \$2000 at 6 per cent..... | \$120. |
| Annual cost for repairs..... | 200. |
| Annual sinking fund charge to offset the depreciation | 76. |

\$396

Dividing this quantity by 5500, the tons passing over this mile of road in a year, we have:

$$\$396 \div 5500 = 7.2 \text{ cents}$$

as the cost per ton mile chargeable to the use of the road for every ton passing over the road.

If this road will enable freight to be hauled over it at an average cost of 30 cents per ton mile, the total cost of transportation will be 37.2 cents per ton mile.

The method thus illustrated is general in application and may be used for any type of transportation, either the common road, the railway or the river, or even for special types of transportation such as the wire ropeway.

By this simple method of computation it may be quickly determined whether an expensive roadway, requiring large investment for construction, but saving in annual cost of repairs and in the cost of hauling over the road will really be a gain economically.

The local conditions in an unsettled country are taken into account in this method of computation. This in a prosperous and wealthy country like many parts of the United States, money can be borrowed by states or counties for road construction at 5 per cent. In remote regions where capital is scarce on the other hand, the rate of interest may rise to 10 per cent or more. This will greatly increase the annual charges for interest and depreciation on the road, and will thus make a less costly road the more economical road for a given amount of traffic than would be the case over most of the United States.

This condition deserves further emphasis, for one of the very common errors where money for highway construction is spent under the control of politicians is to concentrate the expenditure on a few miles of costly roads in the vicinity of large cities and ignore the need of roads over the country at large.

Furthermore, as a result of the great war and the unsettled conditions which have followed, the whole world faces a scarcity of capital for investment. In every country of the world, even the most wealthy, the amount of money which can be raised or borrowed for building and maintaining highways is far below what is needed. The limited amount of money which can be devoted to this purpose ought to be spent on the roads where it will yield the greatest return in reducing the total cost of transportation.

In many countries of Central and South America the greatest public benefit will often be attained by building a large mileage of cheap and primitive roads to open up districts now without transportation facilities rather than by concentrating expenditure on a small mileage of costly roads in the regions of dense population. Solving the problem whether on a given route a highway or a railway will furnish the cheapest transportation.

The method of computation which is above explained is applicable also to solving the problem whether on a given route a highway or a railway will furnish the cheapest transportation.

There is of course no room for doubt that where the volume of traffic is sufficient, the railway can haul freight far below the cost of highway transport. Freight hauling on even the most improved type of highway costs usually, under conditions prevailing in the United States, from 20 cents to 50 cents per ton-mile. On main line railways in the United States, where freight is moved in cars of 30 tons to 100 tons capacity, assembled in trains carrying 2000 to 5000 tons of paying freight, the railway can move traffic at a cost sometimes falling as low as one-fifth of a cent per ton mile, and in general not a hundredth part of the cost of hauling over a highway.

But the cost of hauling by rail rapidly increases as the volume of traffic falls off. Even under the favorable conditions in the United States, branch line railways of thin traffic do not pay, and the building of such lines has practically ceased.

In other American countries where capital is scarce and interest rates are high, where coal for locomotive fuel has to be transported across the ocean, and where steel and machinery of all sorts for the building and maintenance of a railway must be brought from foreign lands, the building of low cost railways to handle light traffic economically is far more difficult than in the United States.

Highways as Feeders to Railways.

The railway needs a heavy volume of traffic in order to prosper. It can obtain such traffic if there are facilities for bringing traffic to and from the railway stations. This is so well recognized that prominent railway officers in the United States have taken a leading part in the good roads movement there. The improvement of highways during the past twenty years in the United States has been of great value to the railways in increasing the amount of business brought to them.

Further than this, a network of public highways to economically collect a country's products and economically distribute manufactured goods is as essential to a country's prosperity as is its railway system. The remarkable growth and prosperity of the United States in the last century would have been impossible except for the complete network of public roads which was extended over the entire country as fast as its settlement progressed. It is true that a large portion of these roads are inadequate to the present traffic upon them, but at the time they were built they were all that the country could afford. Compared with the highways of any other country, except the long settled countries of Europe, whose road system is the product of centuries, the United States road system represented a great advance.

The roads of the past century in the United States were built, however, under such knowledge (or lack of knowledge) as the pioneer days afforded. The technical knowledge of the engineer was seldom brought into requisition. In fact it has only been within very recent years that it came to be understood how important it is to economical road construction and maintenance to utilize the skill and experience of the highway engineer. This does not apply merely to the construction of roads having a permanent surface pavement. Even in the location and construction of very primitive highways the services of an engineer should be utilized.

It is little realized of what great importance to the future welfare of a country is the proper location of its transportation routes. In the older sections of the United States east of the Appalachian Mountains, there is no doubt that millions of dollars are spent annually for transportation over highways which would be saved if these highways had been originally located with more favorable grades. The pioneers who originally located these roads in the wilderness did so with little knowledge of the country through which they were passing and they carried roads over steep hills when they might have gone around. Once the road was located and the country built up the cost of changes was very great.

The Most Useful Roads Radiate From Railway Stations.

Turning now to the sort of roads suitable for railway feeders in other countries of America, it should be emphasized at the start that all highways should be considered as feeders to railways. It is not only the main roads which radiate from a railway station over which goods are brought to and from the railway, but the entire network that serves this purpose. It may well be emphasized here, too, that this is the proper economic function of the highway in a country's transportation system. Only in the most densely populated and wealthy sections of the United States and for handling special limited classes of traffic can the highway compete with the railway as an avenue for cheap transportation. If an entirely new country were to be provided with an economical transportation system, therefore, the network of highways should radiate from the railway station.

Selection of Economic Highway is a Local Problem.

Another fact which deserves special emphasis is that the highway problem necessarily must be a local problem; that is to say, the proper type of highway to build is absolutely dependent upon the local conditions—the climate, the rainfall, the character of traffic, the available funds, all influence materially the character of the highway to be built. Before briefly discussing the types of roadway adapted to specific conditions, it may be well to point out some of the general conditions which make highway construction in Central and South American countries quite different from the problem as presented in the United States.

The enormous amount of money required to grid-iron a well settled and wealthy country with a modern road system is staggering. The United States with all its wealth and resources, has only made a small beginning in rebuilding its system of highways on modern lines adopted to the traffic which now has to be handled. The probabilities are that it will take fully half a century to effect such a reconstruction of its present highway system as is now believed to be necessary.

Twenty-five years ago, when the era of good road building began in the United States, it was generally considered that a mile of good road could be built for about \$5000. The coming of the automobile revolutionized highway conditions, multiplied the cost of construction two or three times, and increased in an equal proportion the annual cost of maintenance. The motor truck, for freight transportation on highways, has again revolutionized the highway construction engineer's problem. All this, together with the rising scale of prices due to war conditions, has made the cost of a first-class road in the eastern United States at the present time from \$30,000 to \$40,000 or more per mile.

Only a small beginning has been made in the United States in building expensive roads of this class. Many wealthy and densely populated States of the Union still have no roads with any other surface than the natural earth.

The problem in most countries of Central and South America is to make whatever sum is appropriated for road construction cover as large a territory as possible. In most of these countries such large areas are still unprovided with roads of any sort that it is better in general to extend the network with even very crude types of roads, rather than spend large amounts of money on the improvement of short stretches of highway close to the large cities. Even the poorest road is better than no road at all.

A mistake that has often been made by highway engineers is the building of much more expensive roads than the country which the roads penetrate can afford to build and to maintain. There was excuse for this action on the part of highway engineers up to a quarter of a century ago. Prior to that time very little attention had been paid by engineers to any other type of road than the

standard broken-stone macadam highway. It was not supposed that the technical knowledge and skill of an engineer could be of any service in bettering the condition of roads built with the ordinary local materials. Since that time a great deal has been done in this field. It is now well recognized by engineers that an expensive road surface should only be laid down where the volume of traffic will justify it and where the money to build and to maintain it can be provided. The gravel road, the sand-clay road, and the road drag are some of the developments that have taken place during the past quarter century which have done much to effect vast improvements in the condition of ordinary highways.

Cost of Coal, Steel and Machinery.

In the United States there are many places where a heavy volume of traffic is flowing to a railway line over a considerable distance where the construction of a branch-line railway would effect more economical transportation than the use of even the best class of highway. This condition is materially changed in the countries south of the United States by the high cost of locomotive fuel, of steel and of machinery, and the long distance from manufacturers where repairs can be obtained. These conditions make it much more expensive to build and to operate a light-traffic railway line in these countries than in the United States.

These conditions also affect the use of certain machinery in highway construction. Many of the power-operated machines used in the United States in roadbuilding operations would be of doubtful value in distant countries where fuel is expensive and difficult to obtain and where a breakdown of a machine in the wilderness may mean months of delay before a duplicate part can be procured. Nevertheless, the use of such machines should be carefully investigated. No matter how cheap hand labor may be (and it is rapidly becoming more costly the world over) steam power, gasoline power or animal power costs only a trifle compared with the power exerted by human muscles and its work is far more rapid.

Climatic Conditions.

One very favorable feature for highway construction applying to nearly all work in South America is the absence of severe frost. This removes one of the chief difficulties that road builders in the northern portion of the United States have to contend with.

It is a common saying that the greatest problem of the highway engineer is drainage. This is especially true in countries where frost prevails but it is hardly less important where rainfall is exceptionally heavy and the soil washes readily. The constant erosion of the roadway surface and of the side ditches by flowing water makes the drainage problem one of the first magnitude. In swampy sections the pioneer roadbuilder in the United States has long used the corduroy road, made of straight sections of small tree trunks laid side by side to bridge over the soft earth. In its use in tropical countries the attack by insects of wood used in construction must be considered. It will only be feasible to use such a foundation where the moisture is constant enough to protect the wooden substructure from attack.

The attack of wooden structures by insects makes very difficult in many sections also the cheap and durable wooden bridges so largely used in the United States on country roads. The use of steel structures is also objectionable where everything must be brought from distant countries and where regular painting to preserve from corrosion is likely to be neglected. Cement is also costly so that concrete will be used sparingly. The road engineer will resort to the use of stone arches wherever the material can be obtained locally and the span is not too great. For longer spans, reinforced concrete and light suspension structures promise the greatest economy.

Earth Roads.

About nine-tenths of the public highways of the United States have no surfacing whatever other than the natural soil of the country through which they are built. It will be readily agreed, therefore, that in the grid-ironing of South American countries with a network of public highways the earth road must long continue to be the main reliance. The problem is, what can be done to lower the cost of construction and maintenance of these earth roads and make them more economical for traffic? The answer to this question is, first, to locate the road originally so that it will not only have favorable grades for traffic but for drainage. The last is as important as the first. It will often be better to adopt a ridge location

rather than a valley location for a main highway in a country of very heavy rainfall in order to avoid the heavy maintenance cost inevitable if the road has to take the drainage of a large area on its upper side. In districts of heavy rainfall, also, provision for culverts and side drains is as important as the location of the road. Where money must be saved in the construction of a road, as is nearly always the case, it can usually best be done by decreasing its width. Reference is now made, of course, to country highways in districts of sparse traffic and not to roads in the vicinity of cities where, as is well known, the prevalence of high-speed automobile traffic makes necessary an increase in width over standards commonly in force.

For the country highway, especially in a district of heavy rainfall, it is best to make the traveled portion of the highway very narrow, give it a high crown and maintain this crown in condition and by frequent use of the road drag eliminate ruts as fast as they are formed. It is not too much to say that the road drag, where it has been systematically and intelligently used, has revolutionized the condition of the earth roads over a large part of the United States.

Its extreme simplicity is one of its great recommendations. It can be made anywhere at a trifling cost from local material. It may be well to go further and to say that an ordinary earth road, with proper provision for drainage, which is well maintained with a road drag is a better and more economical road for traffic than a costly waterbound macadam road which has been allowed to go to pieces from wear and weather and which is found too expensive to maintain.

Mistakes in Promoting Macadam Roads.

In the early days of the good roads movement in the United States, very few of those who were active in the campaign for good roads construction realized what a burden was to be imposed upon the public by the maintenance of the roads that were built. Few understand that the waterbound macadam road, which was the standard of good road construction for many years and in many places is still being built, not only cost from \$5,000 to \$10,000 a mile to build, but would require a perpetual expense of from \$500 to \$1,000 per mile per annum to maintain. This is now so well established by wide experience that there should be no further mistakes on this score. A highway should be given a hard surface, of course, wherever the traffic justifies it and wherever the hard surface once built can be perpetually maintained. If this cannot be done, however, then the best thing to do is to build and maintain a good earth road.

Roads for Arid Districts.

In the arid and semi-arid regions of South America as in large areas of the United States where similar conditions prevail, the road builders problem is comparatively simple. There are vast areas of level plains where the natural soil will support the wheels of the ordinary freighting wagon, and where almost no preparation is required to make a road good enough for the small amount of traffic that will use it. There are other regions of course where drifting sands or alkali flats, which become impassable when infrequent drains occur, give special problems for the roadmaker to solve. What has been said above with reference to the use of very narrow roadways does not apply of course to conditions such as these.

Surfacing for Earth Roads.

Where the volume of traffic and the other conditions are such as to make it worth while to consider the use of some firmer material than the natural earth for the surface of a road, the first resort will of course be to gravel, provided of course that gravel is obtainable within practical hauling distance of the road to be surfaced. There are all grades of gravel. The ideal gravel for road building has a mixture of coarse and fine particles with enough loam or sand to fill the interstices and make an impervious surface when the road is compacted by traffic. The poorer gravels have a large percentage of voids and the soil which fills these may act as lubricant of the gravel particles allowing them to move on each other so that the road crust may be broken through by heavy loads.

Whether or not it is worth while to incur the cost of surfacing a road with gravel may be determined by such a computation as has already been described. A good earth road, well maintained in a favorable climate, may serve a very considerable traffic for a long time before it will pay to apply gravel. On the other

hand an earth road in a sticky clay which becomes a quagmire at certain seasons of the year, and where a good road gravel is within easy reach should be surfaced when its traffic is much smaller than in the preceding case.

It is safe to adopt a gravel road very much sooner than it would be safe to go to a broken stone macadam road, for the gravel road will stand neglect much better than a broken stone road and it can be maintained under moderate traffic at much less expense.

The Sand Clay Road.

There are occasional localities where gravel is not obtainable at reasonable expense and where a road may be surfaced with a mixture of sand and clay with very satisfactory results. This road too, like the gravel road, may be maintained by use of the road drag, which greatly reduces the cost of keeping the road in order, and also makes it much more favorable for use by traffic. Ample information upon this type of road is furnished in the standard text-books on highway building and maintenance. It is merely desired to point out here the especial applicability of this type of roadway to the conditions in South and Central America where economy in first cost is essential for the reasons already set forth.

Economic Haulage Over Feeder Highways.

The problem of economic road construction and maintenance cannot be successfully solved without a thorough knowledge of the various methods of haulage over the completed highways. The road engineer must know in advance whether he is building a highway for pack animals, for use by wagons, for passenger automobiles or for freight transporting motor trucks.

Only the best and most expensive type of hard surfaced roadway is suitable for motor truck use. A type of roadway somewhat less expensive is required for satisfactory use by ordinary passenger automobiles the year round. The earth road, however, at all times of the year in an arid climate and in dry weather in a humid climate can be traveled readily by passenger automobiles. The gravel and sand-clay roads, when properly maintained are among the most satisfactory types of roads for pleasure use.

There are probably few places at the present time in South and Central America where the volume of traffic moved over a country highway is sufficient to justify the use of heavy motor trucks, with the building of the roads which they require. Even under the favorable conditions in the United States where the prices of gasoline and supplies are comparatively low and where the question of repairs is easily taken care of, the expense of carrying freight by motor under commercial conditions on the best class of roads averages 15 to 30 cents or even more per ton per mile. This cost is greatly exceeded where the tonnage to be moved is seasonal in its character, so that the trucks have to lie idle a considerable part of the year.

Under pioneer conditions in regions where good roads are non-existent haulage with draft animals is still in most cases cheaper than the use of motor trucks. The older method, too, has the advantage of simplicity and adaptability to the use of the local labor obtainable. There may, of course, be local conditions where the intensive traffic of a mill or a warehouse or the general conditions of traffic around a large town or city may justify the use of motor trucks. On the country feeder lines to railways, which are chiefly here considered however, there are few cases where trucks will be as economical as the use of animal power.

Hauling Large Loads.

It is well to point out in this connection that for economic haulage the attempt should always be made to handle as large loads as the traffic conditions and the roadway will justify. An investigation by the United States Department of Agriculture some years ago showed that farm products were being hauled to market at much lower cost per ton per mile in the pioneer unsettled regions of the Rocky Mountain and Pacific States where very few good roads exist, than they were in the long-settled regions of the East where there are plenty of good, well-maintained roads. The reason for this was that in the East hauling is almost always done with a team of only two animals, whereas in the pioneer districts of the West, where hauling was done over long distances and carried on as a business, large wagons carrying several tons load and hauled by six to ten draft animals were in common use.

languages has, no doubt, had an effect exactly contrary to that original thought that brought about the organization of the Academy. If a certain industry requires a certain tool for the specific use and this tool is invented to meet that need, that tool is going to have a name which will at least be accepted where it is made and by the purchasers who become familiar with it. In course of time, the idea of the tool or the need for it will reach distant centers and a similar tool will be developed, and perhaps a totally different name will be applied. If, when this tool is invented, the Royal Academy should, after consultation with competent men, decide on the acceptance of the corresponding word, not only the tool itself but the idea and its use would be immediately distributed throughout the world in such a way as to be of value to those who read. If the Academy refuses to accept the word the result is that a different one will be used in each industrial center and in course of time as words multiply the use of dialects become common and that is exactly the condition which is encountered as regards modern tools throughout the Spanish speaking world.

The tendency then is that the Royal Academy should become the repository of the old dead forms of speech which would in many instances sink into oblivion were they not clung to so persistently and tenaciously by the academicians, who have been accused more than once of being a retarding influence in the growth of the scientific and industrial education of their people.

Another contributory factor in the use of varied technical terms is that throughout Latin American there has been an enormous investment of foreign capital in those countries, this capital being used for the beneficial purpose of building up the industry and developing the economic status of the regions where they have located. However, the industries being new, it was difficult to secure skilled men in the vicinity of the work to take charge of the equipment and machines and operate them. A French engineer has, for example, been placed in charge of a certain smelter in a particular mining camp. Very few of the local persons might be familiar with the various machinery that goes into a smelter and they ask the French superintendent, who, possibly, being ignorant of Spanish perhaps explains the word in French and this word is immediately Spanishized by his listeners, the result being a strange rare word not found in any dictionary nor acceptable anywhere on earth except where that particular French superintendent is employed. A hundred kilometers away there may be another smelter in charge of an English speaking person, and they immediately proceed to manufacture their own vocabulary based on English forms because the modern equipment may not be mentioned in the Spanish dictionary.

Regardless of what the attitude of the Royal Academy has been in times past, it is a fact that they are largely responsible for the comparative poverty of their language in technical terms, and they are largely responsible for the condition that a given machine may have one name in Coruña, an entirely different one in Mexico or Buenos Aires, and yet another in Chile or Peru. There have been technical dictionaries prepared in Spanish, but unfortunately those with which the speaker has come in contact have been prepared by foreigners utterly out of touch with the specific nomenclature in Spain, or the various countries of Spanish speech, and the result of these efforts has been a disillusion. The speaker has had considerable experience with translators from English to Spanish and from Spanish to English, and he has yet to see the translation of an article of any length, or book, by any person that had not been subjected to criticism by others of Spanish speech to the effect that the translator had committed many grievous errors in the use of colloquialisms, provincialism, anglicisms, gallicisms, and almost every other kind of ism of which one might be accused while really feeling that he was innocent.

During the last year one of the most important corporations in the American industrial field attempted the translation of their catalogue from English to Spanish. Their representatives live in almost every important commercial center of the world, and practically every representative of the company in foreign cities is well educated, not only generally, but specifically as regards his own field, and certainly should understand the vocabulary which is used for the product which he sells. The translation of the technical words representing the products of this great corporation was placed in the hands of several agents in Spanish speaking countries, and there was a conference of these men for the final comparison of terms. Words which were in common use and acceptance on the west coast of South America were in many cases utterly unknown in Spain and of very doubtful meaning on the east coast of South America. The reverse was likewise true, and in one particular instance, a material which is exported from four or five of the

great industrial countries, and is commercially known to practically every citizen, has at least a half a dozen names in South America, and each representative of this corporation was quite unwilling to admit the use of any word in the catalogue except those which they had found to be of common use among the people where they resided.

The above statement consists almost conclusively of adverse criticism which would in no sense be justified should it be unaccompanied with some suggestions that might lead us to a clear understanding and closer intellectual relations. It is indeed impossible that intensive commercial or industrial relations be carried on between persons or peoples who cannot understand each other's minds. It is to a great measure due to these conditions that so many complaints occur in international trading. It is, therefore, suggested that through the good offices of the Pan American Union that each of the Governments whose people are represented in this conference be asked to select with reasonable care an engineer allied with their own National University, and thoroughly versed in the technical literature and the custom house terminology of their own country, preferably one which is likewise familiar with one or two other tongues, for the purpose of clarifying many doubtful points. The engineers would no doubt be glad to consult industrials in their own vicinity regarding the technical use of words or the local names of things. There could be one central office or secretaryship agreed upon and communication by correspondence established. It is not expected that there would be any expense in connection with such an unofficial organization, and there is no doubt that much good could be accomplished thereby. It is suggested further that in view of the fact that Spain is not represented in this Conference, but is nevertheless the country of greatest population among those of Spanish speech, that a recognized Spanish engineer be also asked to lend his aid. After the choice of words it would seem desirable that each of the National Universities represented by their engineer agree to make use of that word as expressing the particular thought or idea or thing concerned. In order that the results of such correspondence be made known among engineers it would be desirable that they be published in a leading technical paper in order that all other engineers might learn the result of the correspondence of the unofficial committee and make other things known should they be adverse to the decisions of the committee. There is no doubt in the speaker's mind that the result of a choice of words in this manner would have a considerable influence with the Royal Academy, and should the dictionary of the Spanish language be lacking in the corresponding word, and should the word apparently have the support of those who are most apt to use it, it might reasonably be inferred that it would be incorporated in the current dictionaries very promptly.

There would be perhaps an insurmountable difficulty in finding an engineer in *each* country competent to express the proper information regarding *all* technical words, but it would be expected that he would consult the persons most authorized in each particular branch, and that he would also consult and make use of lexicons.

It is hoped that this Conference will not adjourn without hearing an expression from the General Director of the Pan American Union to use his good offices for the establishment of some means of inter-communication with engineers and custom house officers for the purpose of arriving at some common understanding regarding the use of technical words. An agreement regarding the use of a certain word by such authorities would, of course, have little value unless at the time of the agreement the custom house authorities and other Government officials be inclined to accept the word which might be selected or to admit by suitable proclamation the word chosen as indicative of the things or articles referred to, even though those things or articles be legally defined in some other terminology in the Arancel Aduanera or tariff lists.

THE PAN AMERICAN ENGINEER

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Commerce, it has been said, follows the flag; but it is the pioneering spirit of the engineering profession that points the way and first raises the flag. Pan-Americanism in the engineer's life is simply a matter of habit, and the North American engineer has been as much at home in the mountain mines and railroads

of Colombia, Chile, Peru and other of the South American countries as he has been in the Rockies of the United States. No less acquainted with the works of the technical men from the north are the peoples of the cities of Buenos Aires, Rio Janeiro, Sao Paulo, Lima, Santiago, Havana, Mexico and other populated centers.

The older civilization of the great peoples antedating the advent of the conquistadores was predominantly that of the engineer, as was found by those who came to the lands of the Incas and the Aztecs. Ancient works in irrigation, in mines and in architecture are found in all of the Latin-American countries and where found are marvels in execution. Canal systems centuries old arouse the admiration of the modern engineer from whatever nation he may come.

Whatever of difficulty there may be on the part of the visiting banker, manufacturer or merchant to readily reach a plane of common thought with his South American friend, between the engineers of North and South America there is no long preliminary to acquaintance and friendship, for they meet on the basis of fellow technicians and mutual appreciation. The South American sees in the industrial development in the United States the fruition of his day dreams for his own country and the North American finds in the southlands every opportunity to spend his lifetime in accomplishment.

The outstanding feature of the relationship between North and South Americans in the engineering professions is found in the fact that many hundreds of the technically trained men of the South American republics are products of American colleges. Our institutions like the Universities of California, Texas, Wisconsin, Pennsylvania, Utah, Michigan and Columbia are alma mater to hundreds of civil engineers from the southern nations of Pan-America, and in the mining districts of the southern continent there will be hardly an operation that will not number among its technical officers graduates of Colorado, Cornell, Massachusetts, Lehigh, Georgia Tech. Mackay School of Mines or equally known technical institutions in the United States.

The Latin American excels in technical design. Particularly in the field of hydraulics the opportunity for practice has been wide and there are many works from Mexico to Chile that have brought deserved commendation from world authorities. In the field of industrial engineering the South American engineer in recent years has been working toward high ideals, and it is the rule rather than the exception that in all of the countries the most modern ideas and equipment find place in new industries, when entirely in the hands of the native engineers of those countries.

The engineer, whether of North America or South America, is a potent force in Pan-American relations. In South America, more than in the United States, the engineering profession furnishes to the nations not only the leaders in thought, but leaders in action, and it is by no means unusual for the Argentine, Brazilian, Chilean, Peruvian, Cuban and Central American engineer to enter the field of diplomacy and politics, and the better understanding between all of the countries of Pan America is due in large part to the broad views cultivated by the engineer-statesmen in many of the Latin American countries, for the engineer's training embraces enough of the principles of international equity—in viewing all things from the practical standpoint—with practical political economy, to make him remain apart from the narrowness of parochial thought.

To those who, like our bankers, and manufacturers, are interested largely in trade development I could make no better suggestion than that they consider that future relations between Pan-American countries rests largely upon the engineering profession. There are something like nine hundred young South and Central Americans now in technical schools in the United States and Canada. They are in the colleges being trained as civil, mechanical, electrical, chemical and agricultural engineers. In a few years they will be the deciding factors in industrial and commercial development in their countries. No more patriotic American thing could be done than to make opportunity for these young men to secure their first practical training in the United States. The cumulative results are obvious. I am sure that you will find that Director General Barrett and the Pan American Union will readily assist any effort to bring to you the opportunity to acquaint your product to the young engineer.

LINKING TOGETHER THE TWO CONTINENTS WITH A HIGHWAY

By DR. S. M. JOHNSON, DIRECTOR OF THE BANKHEAD NATIONAL HIGHWAY,
WASHINGTON, D. C.

(Read at the Afternoon Session of Friday, June 6)

Last October a company of gentlemen of the Managing Board of the "Bankhead National Highway" were guests of the Republic of Mexico and the Chamber of Commerce of Juarez, Chihuahua, at a banquet at Juarez, just across the International boundary at El Paso, Texas. The business which took us to El Paso was the establishment of a National Highway beginning at Washington, traversing the south, passing through El Paso and reaching the Pacific Ocean at San Diego, California.

At the banquet the representative of the Government of Mexico stated that his government together with the Governors of the several interested States were cooperating to continue the highway which we were establishing, from Juarez to Mexico City, and that considerable portions of the road were already in condition for use by rapid-transit vehicles.

As one of the Directors of the Bankhead National Highway, I desire to say that I am sure that the utmost encouragement would be given in this country to an organized effort to extend this highway from Mexico City to South America, thus linking together the two Continents, the twenty-one republics and the people of the western hemisphere.

The Bankhead Highway is now definitely located from Washington to El Paso, a distance of about 2400 miles. Automobiles are now using every mile of this road every day, and by far the greater part of it can be used with ease every day in the year, the remaining parts being dirt roads which are hard to travel after a rain. The dirt-road sections are now being improved by the concentration upon them of Federal, State and county road-construction and within two years it is probable that one may leave Washington in an automobile and travel thus to El Paso over this national highway reaching El Paso in advance of the passenger who leaves Washington at the same time and makes the journey by railway.

Within a short time, permanent sign-posts will be placed along this road throughout its entire length. These will be of concrete. The marking will be done by the National Highway Marking Association, of Washington, D. C., which is establishing a uniform system of permanent highway marking throughout the United States.

In addition to this line of travel, there are several other lines reaching from Portland, Maine; Montreal and Toronto, Canada; Chicago; Winnipeg and Vancouver, Canada, to El Paso, all of which are now in usable condition for rapid-transit vehicles. These main-lines may be reached by automobiles from every one of the more than 3000 counties in the United States.

On these highways the people of the United States are now using for business and pleasure over 6,000,000 automobiles and a half-million motor-trucks. This number is being increased so rapidly that the manufacturers cannot keep up with the demand. The United States has now entered on a program of road construction exceeding in magnitude anything of the kind known to history. At this moment 22,000 motor trucks are being shipped by the federal government to the 48 states for exclusive use on the highways; while shipment will soon be made of many thousand of trailers to go with the trucks. The machinery bought with the proceeds of our Liberty Bonds is to be brought back from Europe to be used in building roads at home; roads to serve the ends of peace. With rapid-transit highways covering in one vast network the entire national domain, it takes no stretch of the imagination to see the day when the entire population of the United States can step into its automobiles at a given signal and without crowding enjoy a national joy-ride. At this present moment this could be done in the State of Iowa, which has millions of inhabitants; and one-third of the population of the United States could now be transported at one time from one place to another in privately owned automobiles.

A similar development of the rapid-transit highway and the use thereon of the rapid-transit vehicle throughout the other republics of America is inevitable. The linking together of the highway systems of North and South America would therefore seem to be most desirable; an undertaking of vast importance; in the

same category with the opening up of lines of transit on the sea and in the air. The enterprise is worthy of immediate consideration.

As the wonderful panorama of South American scenery, including the world's greatest water-fall, and the many objects of deepest interest shown at this Conference, where thrown on the screen, I could not help asking myself "Why were all these things fashioned by a benevolent Creator, if they were not to be seen?" And I came to the conclusion that one of the greatest assets of the American Republics was the attractions they offered to those who desire to travel and see the wonderful and beautiful things of the earth traveling freely in the open.

The idea of touring-trips from the United States to South American countries by parties traveling by automobile may seem wildly visionary. Such trips will become reality just as soon as the highways are put in usable condition. Such long-radius trips are now commonplace in the United States.

On July 1st, if present plans do not miscarry, the War Department of the United States will send two companies, consisting of 209 men, traveling with equipment overland by motor-truck and other motor vehicles over the "Lincoln Highway" from Washington to San Francisco. The itinerary calls for the completion of the trip in 47 days. Motion-pictures will be taken from air-planes of the start, probably from the "White House," Washington, and along the route, and careful records will be made of road-conditions, costs, etc. This army-maneuver on land corresponds to the practice of the Atlantic fleet last spring in Cuban waters and to the mapping of air-plane routes across the continent and across the Atlantic ocean. It emphasizes the concern of this Government in the development of continuous highways and the use of motor-driven vehicles in long-distance travel. It is the direct outgrowth of the breakdown of railway transportation from Chicago, Detroit and Buffalo to the Atlantic seaports under war-demands. This led to the use of the motor-truck on the highways. In the convoy movement by motor-truck from the points named and in the period from January to November 11, 1918, the Motor Transport Corps of the War Department used 32,403 vehicles and transported a cargo-weight of 6,350,730 pounds of war material to the coast. The truck-train transcontinental maneuver films will be shown throughout the world. The Associated Press will tell the story. The fact will be made known to America that such trips are feasible. This undertaking should stimulate interest and effort in the proposal to link the two Americas together in a new bond of international amity by a highway.

Since the State of New Mexico, which I have the honor to represent at this Conference, has a citizenship about equally divided between Spanish-speaking and English-speaking people, I desire to call your attention to the fact that we in my State have succeeded in doing in our small way, what the Pan American Union is trying to do in a large way, that is, to bring about good understanding, kindly relations and cooperation in the work of advancing civilization among the representatives of the latin and the anglo-saxon types. For seventy three years these two types have lived together in amity in New Mexico. Hand in hand they have erected the structure of a noble statehood. They share in equal terms the responsibilities and honors of leadership. Our two United States Senators are of the anglo-saxon stock; our Representative in the Congress and our Governor are Spanish-Americans. All New Mexico is proud to have at the head of our State our present Governor, O. A. Larrazolo, who was born in Chihuahua of Castilian stock, a man of great ability and strength of character, leading the State to a foremost position in the improvement of the schools and highways, in providing for returning soldiers and in everything that uplifts.

New Mexico, therefore, looking back over 73 years of life, work and progress sends greetings to all the other commonwealths, expressing the hope that the same kindly spirit which binds the latin and the anglo-saxon types together may bind together the representatives of these two types throughout the length and breadth of America. We are sure that the beneficent results which have followed from our cooperation here will follow that larger cooperation which the Pan American Union is bringing to pass.

THE MISSISSIPPI VALLEY WATERWAYS AND THE LATIN AMERICAN TRADE

By JAMES E. SMITH OF ST. LOUIS, PRESIDENT OF THE MISSISSIPPI VALLEY
WATERWAYS ASSOCIATION.

I am pleased to respond to Mr. Barrett's request, as the people whom I represent are anxious to increase their trade relations with our neighbors in the countries south of us.

That portion of the United States known as the Mississippi Valley is the most fertile, the most productive, and the most prosperous portion of our country. It contains more than one-half of our country's entire population. It produces more than two-thirds of our exportable products, and in turn, it consumes a large proportion of the products which are imported from the countries with which we trade.

In the past both our exports and imports have been largely handled through our Atlantic ports, greatly to the disadvantage of our people. Having been brought to a realization of the handicap with which we have been burdened, we are now preparing to handle our Central and South American shipments through the port of New Orleans, which is our natural outlet to the sea as we have water communication with that port, which is more than 700 miles nearer the Panama Canal than is New York.

The Mississippi Valley contains the greatest system of natural waterways in the known world. The Mississippi River and its tributaries embrace 16,000 miles of navigable rivers. Through the neglect of our national Government, water transportation has been allowed to be driven from these natural channels of commerce, but during the past few years there has been a general demand for its restoration, and it is now being re-established.

Water transportation has already been revived between St. Louis and New Orleans, affording us low water rates between these points, and we can now deliver the products of the Mississippi Valley to the countries south of us more quickly and at much lower freight rates than we have been able to secure in the past, and in turn, our people can now obtain the products of those countries at lower cost by shipping them direct to our Mississippi Valley markets by the all-water route by way of the port of New Orleans.

Arrangements are also being made for regular steamship service between the port of New Orleans and the ports of Central and South America to the end that we may deliver the products of the Mississippi Valley at reasonable freight rates to all of the countries lying south of the United States.

The merchants and manufacturers of the numerous important cities located in the Mississippi Valley are looking forward to the establishment of closer and more friendly relations with the business interests of Central and South America, and let us hope that these expectations may be fully realized in the near future.

A GLANCE AT PROGRESS ON THE PAN AMERICAN RAILWAY

By W. A. REID, TRADE ADVISER, PAN AMERICAN UNION.

From 1910 to 1914 about 156 additional miles of track were added to the Pan American Railway. Very few miles of road that will form links in the inter-continental system have been constructed since the latter date, at which time hostilities in Europe checked the usual flow of capital from that part of the world to Latin American enterprises. The progress to date is approximately as follows:

The distance of 26 miles separating the Mexican road at Mariscal from tapping the Guatemalan road at Ayutla has been reduced to about two miles, or a gain of 24 miles.

The road building from La Union, Salvador, toward the Guatemalan railways has progressed approximately 100 miles.

The road being constructed from Cuzco, Peru, northward toward Santa Ana makes only about three miles a year, and work was suspended for a number of months after the curtailment of Peruvian activity in 1914. Completed, about 15 miles.

The gap of 177 miles between the southern end of the Bolivian road and railhead at La Quiaca, Argentina, has been decreased by 60 miles.

Branch of Chiriquí R. R., Panama, from David to La Concepcion, 18 miles.

Constructed from 1910 to 1918 217 miles, which, deducted from 3,672, leaves to be constructed 3,455 miles.

The distances follow:

| | |
|---|--------------|
| New York to Buenos Aires..... | 10,116 miles |
| New York to Buenos Aires constructed..... | 6,661 " |
| New York to Buenos Aires to be constructed..... | 3,455 " |

(*New York to Panama Sections*)

| | |
|---|-------------------|
| New York to Mexico City (standard gauge)..... | 3,026 miles built |
| Mexico City to Guatemala..... | 843 " " |

Total standard gauge track..... 3,869 " "

From the border of Guatemala, near Ayutla, to Panama the distance given is 1,184 miles; of this distance the reports in the Pan American Union show that there are in operation approximately 632 miles of railways. All of these roads are of narrow gauge, those in Guatemala, Salvador and Honduras having 3-foot gauge. Nicaragua and Costa Rica have the 3-foot 6-inch gauge.

The approximate number of miles of railway needed as connecting links in Central America to afford continuous rail from New York to Panama is 552.

In order to run a standard gauge train from New York to Panama it would be necessary to build 1,184 miles of standard gauge track. The addition of a third rail to the 632 miles of narrow gauge road now in operation would not make a track suitable for standard gauge traffic, as on most of the narrow gauge roads a very light rail is used, which answers for the light freight and passenger cars in operation.

Summary.—Standard gauge track New York to Guatemalan border, 3,869 miles in use; narrow gauge track between Guatemalan border and Panama, 632 miles in use; approximate distance of new roads needed to fill links, 552 miles.

In addition to the railroad mileage actually constructed the following extensions have been planned or started:

The extension in Ecuador southward from Huigra, a station on the Guayaquil and Quito Railway, to Cuenca, 93 miles, has been started.

Between Tupiza, Bolivia, and La Quiaca, Argentina, a distance of 60 miles, a French firm is engaged in construction work in preparing roadbed. The English company which held a concession for building between Atocha and Tupiza, Bolivia, about 60 miles, was compelled to abandon work on account of shortage of capital, etc.

Considerable progress has been made in other railway construction in South America during the last decade, all of which has a bearing on the progress of the Pan American Railway. One may now travel by rail from Lake Titicaca to Puerto Montt in the far south of Chile; the traveler may also go over railways from Lake Titicaca to Rio de Janeiro via the Chilean Longitudinal, the Trans-Andine, and the several lines connecting Montevideo and Buenos Aires with the railroads of Brazil.

SANITATION

THE EFFECT OF SANITATION IN DECREASING MUNICIPAL DEATH RATES

By GEORGE A. SOPER, PH. D. (NEW YORK), MAJOR, SANITARY CORPS, U. S. A.

(Read at the Afternoon Session of Thursday, June 5, 1919.)

If we take up a consideration of the ways in which communicable diseases of different types have been combatted, we will note that there have been three general fields of effort. It is necessary to consider them all in order that the field occupied by sanitation may be viewed in its proper relations.

Sanitation Compared With Other Health Measures.—The first may be called the field of personal precautions. Whether the effort is made in the city or country, in the tropics or temperate zones, in highly civilized countries or in the remote parts of the world, the essential elements of these precautions are the same. The reason for this is that they are based on purely personal instinct—purely personal experience—and little else.

Every one exercises certain precautions, consciously or unconsciously. They are a part of the education which we get in the school of experience. We learn to avoid the presence of the infectious sick and such common causes of illness as undue exposure, excessive fatigue and improper food.

The second field of effort in the control of disease is board of health work. The intention here is for the government, national, state and municipal, to exercise a wholesome supervision over the public health. This is done by the enforcement of laws and ordinances which relate to the collection of statistical and other data to indicate the birth and death rates and the prevalence of infectious and other causes of death. To attain their greatest value vital statistics should record the cases as well as the deaths, but we have not yet reached that point of development where the importance of this matter is generally appreciated.

Board of health work includes, beside the collection, tabulation, interpretation and publication of statistical facts relating to population, sickness and death, the supervision of food and drugs, the regulation of quarantine, the performance of vaccination and inoculation for the prevention of disease, the distribution of curative sera, and the sanitary education of the public through bulletins, lectures, reports and other methods of publicity. Education as a means of reducing the death rates is one of the most promising of all public health measures, but so far it is in its infancy.

The third great field of effort is that of sanitation. Sanitation is mentioned last here although it is, in point of fact, the most important. It is pre-eminent for a number of reasons.

By sanitation is meant that branch of systematic health work which requires plant and a force to maintain it. Examples are works for the procurement and distribution of wholesome drinking water, the collection and disposal of liquid sewage and the gathering and final disposition of kitchen waste, ashes and other discarded material. These are obviously sanitary undertakings but the list of improvements which go to make a city sanitary does not end here. Broad, well paved market places; suitable play grounds; bright, well ventilated school houses; in short, whatever the city has in the way of plant which goes to prevent the injuries to health which result from too densely segregated masses of people might properly be comprised under the head of sanitation; but in every-day parlance they are not so included.

Yielding to works of sanitation are not only typhoid, dysentery and other diarrheal diseases, but many other forms of sickness. To introduce a public supply of pure water in place of a polluted one, or to build a sewerage system in a town which has had no good way of disposing of excrement, is to reduce the prevalence of nearly every disease from which men suffer and die. Nothing that can be done is so certain to lessen the death rate.

It would be interesting to know exactly the extent to which sanitation decreases municipal death rates, but the effect cannot be stated in numerical figures. Municipalities which are so backward as not to possess good sanitary works are usually too backward to know how much preventable sickness and death they have. And unless we know the sickness and death rates before and after the introduction of a sanitary improvement it is impossible to say precisely how great the benefit is.

Sanitary works possess a number of advantages as compared with other measures for the prevention of disease. For one thing, they do not require as high a degree of skill in their administration as do boards of health. For another, they have an advantage over personal precautions in not being individual in application and uncoordinated in action. Sanitary works have a wholesale application. A water supply which is pure is wholesome for every person who has occasion to use it. The street that is well paved and kept clean is of advantage to every one who travels over it by vehicle or foot. And sanitary works do not hide their merits under a bushel. Their good effects are in plain sight—a constant recommendation of the good sense of those who are responsible for the welfare of the community.

How the Sanitary Development of the Modern City Has Been Accomplished.

—To trace the progress of sanitation in Europe and North America is an instructive undertaking, for this history contains many useful lessons. In both continents a deliberate intention exists to regulate the growth of cities along lines which make for order, convenience, comfort, safety, health and beauty. From the first sanitation has been a feature of many American cities. Sanitation, although long delayed, when it came, came like a revolution to the continental cities of Europe.

The beginnings of municipal sanitation everywhere are due to European initiative. Public water supplies, as we know them today, and sewers to carry away the most offensive and dangerous part of a city's filth, are a recent European contrivance. Street lighting, good pavements, adequate transportation, tenement house reforms, the construction of parks and playgrounds, the regulation of vehicular travel and street paving and cleaning having been developed more recently. The American city which ignores foreign practice in these directions fails to take account of experience which can save it a great deal of money.

The sanitary regeneration which European cities have experienced has had no counterpart in the United States. There has been no necessity for such revolutionary changes. American cities were small when the world began to learn that sanitation was an indispensable feature of every municipality. There was never such overcrowding, such slums to clean, such foci of filth to clear up and eliminate, as existed abroad half a century ago. In 1860 there were only sixteen cities in the United States with a population of 50,000 or more, as against one hundred and forty-eight in Europe.

The significant feature of municipal growth in America as compared with that in Europe has been less the reconstruction of cities already large than the construction of a great number of small cities. Hundreds of these have passed and are now passing through their periods of infancy, youth and adolescence toward a maturity which foreign cities attained long ago. Their sanitation takes place as they grow.

The first important sanitary improvement to be made in the growing village is the public water supply. This leads to the use of water closets and, to accommodate the drainage from these, cess-pools are built. The privies, the original provision for the disposal of excrement, are then eliminated. Street pavements are presently considered and the cleaning of the pavement and the collection of house refuse by municipal effort followed. At first garbage is collected by scavengers at the private expense of the householders; later it is done at public expense. The young city may now be said to have passed through its period of infancy and entered that of youth.

A sewerage system is built later in the city's growth. During this period the houses are gradually built closer to one another and in a more permanent form of construction until they stand in a compact mass. More attention is given now to pavements and to the cleaning of them. Parks are laid out, lighting is improved, ordinances are passed regulating many sanitary matters. The city has now reached its period of adolescence.

The period of maturity, that is, the period in which civic responsibility begins fully to express itself, come last. The regulation of building construction, the control of traffic and the adoption of farsighted plans to insure public health and safety are often taken up at this time. They should have been considered at a much earlier period. It is always easier to carry out a plan which has been made before-hand than one which has had to be prepared after permanent constructions and settled procedures have for some time been in existence.

How to Get Better Sanitation.—It is instructive to observe how often it is that a community owes its sanitary improvements to its business men. It might be supposed that the principles of sanitation were more within the grasp of profes-

sional men than of those whose attention was chiefly occupied with manufacture and trade and that doctors and lawyers and ministers would be foremost to see that the health and welfare of the public were properly looked after. This is not, however, always the fact. There is no disposition to belittle the help which professional men can give, but an experience in public work which covers many years and extends over many cities and states shows that when it comes to municipal improvements it is the commercial element which usually exercises both the initiating and sustaining influence.

The explanation of this is simple enough. The general subject of sanitation is not so complicated as to be the exclusive province of any class or profession. Certainly the need of sanitation and the benefits of it can be understood by every intelligent person. Business men are accustomed to weigh returns against expenditures and readily appreciate that sanitation is a sound investment. Moreover they are accustomed to action and when they get together to obtain action for the public welfare they are apt to get it.

Often the important thing to know is what to do in order to improve the sanitation of a city. Why is the death rate high? What should be done to reduce it under the particular circumstances which exist? In answering these questions many technical and financial details may have to be considered. This is properly the work of experts. An unprejudiced expert should be called on to make a report based on a study of the local situation and on a knowledge of what other cities have done and are doing under similar circumstances. This report should serve as a program behind which the solid common sense of the municipality can array itself.

When a city needs a health program, as every city does, the best way to get it is for the business men to demand it of the municipal administration through their commercial organizations. If the municipality does not possess the talent for the work an expert should be called in from outside. In many cases commercial organizations have themselves employed experts to make investigations and reports to serve as a guide to the citizens in demanding what is proper.

The question is often asked, what can a city afford to spend for sanitation? The answer is that it can afford to spend whatever is necessary in order to make it healthy. If it is already healthy it need spend but little; if it is unhealthy it must of course spend more. A city, like a man, must have health if it is fully to realize its possibilities. Epidemics paralyze business and a high death rate is a reflection upon the good business sense of a community. In many cases investments for sanitation should be looked upon as insurance policies.

Every city and every village ought to have a program of development; a plan to build to, a settled scheme of construction to refer details to. This program should be prepared early in order to keep the growth properly proportioned and prevent the excessive development of some relatively unimportant features at the sacrifice of the essential. Paramount in such a scheme should be suitable provisions for health.

Although a considerable investment of capital has to be put into sanitary works, the maintenance charges are not excessive as compared with the administrative costs of hand labor which is often used as a substitute to accomplish the same result. It must not be expected, however, that good sanitary works can be built or that they can be effectively operated without care. Skill and attention in design and construction and operation are indispensable to the best results.

Although no attempt will be made here to show what large investments are made by every up-to-date city for the purposes of sanitation, it may interest some to know what share of the total yearly outlay is devoted to this purpose by the cities of the United States.

Among the 219 cities of 30,000 or more population in the United States for every ten dollars put out each year for all purposes of administrative effort one dollar and ten cents on the average is expended for health and sanitation. The amount varies among the different cities according to the natural advantages of the site with reference to water supply, drainage, kind of population and commercial and industrial conditions, and according to the foresight and business ability with which the work is planned and carried out. The percentage of the total yearly expenditure which is devoted to health and sanitation sometimes runs as high as twice the figure stated and occasionally falls to about one-half of it. The size of the city does not affect the per cent.

THE POPULATION AND SANITARY PROGRESS OF SOUTH AND CENTRAL AMERICA AND THE WEST INDIES

BY FREDERICK L. HOFFMAN, THIRD VICE PRESIDENT AND STATISTICIAN, THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, NEWARK, N. J.

(Read at the Afternoon Session of Thursday, June 5)

The present address is in part an amplification of a previous discussion on the "Significance of a Declining Death Rate," originally read before the National Conference on Race Betterment, Battle Creek, Mich., January, 1914. Few seem to realize the truly tremendous significance of mortality changes or the effect of a declining death rate on population growth and development. Combining all the statistics available for South and Central America and the West Indies, it would appear that the population has increased from approximately 52,000,000 in 1886 to 89,000,000 in 1915, an actual increase of 37,000,000, equivalent to 70.2 per cent. The annual rate of increase, however, for this period is not quite $2\frac{1}{2}$ per cent, or equivalent to an actual annual population growth of about 1,227,000. If this rate of increase should continue for the next 50 years, there would be by 1965, on the assumption of a geometrical ratio, a maximum population of 223,500,000, or, on a much more conservative arithmetical ratio, a minimum population of 150,500,000. In neither of these estimates is proper allowance made for the affect of a further and material decline in the general death rate, which, if taken into account, would seem to justify the assumption that by 1965 the probable population of South and Central America and the West Indies will not be less than 200,000,000.

Such a population growth must necessarily imply truly tremendous opportunities for trade and commercial intercourse. With the improvement in transportation facilities the enormous natural resources of this vast area will become available and will naturally offer a further inducement to population growth by immigration. It is a reasonable assumption that in less than 25 years our foreign trade with the countries to the south of us will be far in excess of the present amount, which is out of all proportion to the opportunities for a highly developed commercial intercourse.

The recent growth in population is in a large measure the result of favorable mortality changes. Combining the available mortality statistics for 22 cities of South and Central America and the West Indies, with a population of not quite 6,000,000 in 1913, it appears that the general death rate of this registration area has progressively declined from 24.5 per thousand of population in 1904 to 23.2 in 1909, and to 20.1 in 1914. During 1915 the rate was only 19.1 per thousand. During the last two or three years the rate has been somewhat higher, but returns for all the communities concerned are not as yet available.

The mortality rates, though relatively high, must nevertheless be considered most favorable in view of the fact that the cities under consideration include a large proportion of Indian, negro and mixed-blood population, subject to a higher death rate than the native white element. In the southern States of the United States, for illustration, the death rate of the white element is 13.0 per thousand, and of the colored 19.0. The sanitary progress of practically all the principal cities of South and Central America and the West Indies is therefore most gratifying evidence of an aroused interest in sanitary reforms. The possibilities of a further reduction are, however, extremely encouraging. The earlier excess was largely in consequence of a high death rate from small pox, yellow fever and malaria and its complications. Modern sanitary reform concerns itself not only with acute infectious diseases, particularly water-born or insect-born, but also with the larger question of physical examination and the medical supervision of children and young persons as best illustrated by the remarkable work of Dr. Louis Shapiro in Costa Rica. Before enlarging upon the details for particular localities, attention may be directed to the available mortality records of some 20 states of Central and South America and the West Indies, though more or less incomplete for the earlier years. The average death rate of this group, which in 1915 had an aggregate population of 30,000,000, decreased from 30.7 per 1,000 of population in 1897 to 27.2 in 1902, and 26.0 in 1907. The most remarkable decline, however, occurred during the last ten years, when the rate was reduced to 20.0 in 1912 and to 18.8 in 1915. Granting that the returns are merely an approximation, they are for too large an area and too vast an aggregate of population not to be, in the main, sufficient for the present

purpose. The fact must not be overlooked that even for the United States we have trustworthy mortality data for only two-thirds of the total population, and the returns are chiefly for very recent years. The progress in the registration of vital statistics, their accuracy and scientific classification, is commendable evidence of the high degree of attained civilization in the countries and cities to the south of us.

The area of South and Central America and the West Indies is approximately 8,268,000 square miles, against not quite 3,000,000 square miles for the United States and not quite 4,000,000 square miles for Canada and Newfoundland. The approximate density of population in 1915 was about 11 persons per square mile for South and Central America and the West Indies, against 2.1 for Canada and 33.8 for the United States. It, however, is a safe assumption that a much larger area in South and Central America and the West Indies is fit or useful for human habitation than is the case with the waste spaces of northern Canada, reaching practically to the Pole. It is furthermore a self-evident conclusion that the area under consideration in the countries to the south of us has vastly greater potential possibilities for future growth and development, all inter-dependent with a healthy population growth. Further sanitary progress in South and Central America and the West Indies must enormously enhance the productive capacity of these countries, which as yet have only commenced to contribute to the world's increasing need for adequate food supplies. If, for illustration, the population of such an island as Jamaica were entirely rid of malaria and related diseases, of ankylostomiasis, syphilis and yaws, the productive capacity of that most beautiful island in the West Indies would be enormously increased. In Costa Rica, under the direction of Dr. Shapiro and the International Health Board, there has been a veritable physical regeneration of the people due to the gradual elimination of ankylostomiasis, malaria and kindred diseases. What is imperatively needed is more information and such investigations as those of the Harvard School of Tropical Medicine, whose report of a First Expedition to South America was issued in 1913, is a favorable indication of substantial progress. First and last, however, the health problem of South and Central America and the West Indies concerns malaria, and it is to be hoped that the resolution adopted by the Second Pan American Scientific Congress, reading that:

The Second Pan American Scientific Congress, recognizing that the education of the public in the elementary facts of malaria is of the utmost importance, requests that

The American Republics inaugurate a well-considered plan of malaria eradication based upon the recognition of the principle that the disease is preventable to a much larger degree than has thus far been achieved,

will not be lost sight of, but made the corner-stone of a new and active health propaganda throughout the countries concerned. During the year 1916 the average death rate for the United States registration area was 14.0 per thousand of population. For the city of New York for the same year the death rate was 13.9 per thousand; for Buenos Aires the death rate was 14.6 per thousand during the year 1916, against a rate of 22.1 in 1895. The city of La Plata decreased its mortality from 18.0 in 1911 to 15.6 in 1916. The city of Rosario Santa Fé reduced its death rate from 28.9 in 1900 to 18.9 in 1915. In Brazil exceptional progress has been made, but the outlook for the future is particularly encouraging, due to the cooperation of the Brazilian government with the International Health Board of the Rockefeller Foundation. Such reports as those on "The Sanitary Conditions and Diseases Prevailing in Manaos, North Brazil," by H. Wolferstan Thomas, of the Liverpool School of Tropical Medicine, are evidence of sound scientific methods which must needs lead to promising results. Superficial surveys and observations like those, for illustration, contained in the Rice Expedition to Brazil, are more of a hindrance than a help. A splendid report has been published on the Sanitary Campaign in Brazil, by Dr. Theophilo Torres, Vice President of the National Academy of Medicine, but unfortunately no translation in English thereof is at present available. The same conclusion applies to the Memoirs of the Institute of Oswaldo Cruz, which are available to the student of tropical medicine, but which at the same time reflect the enormous sanitary and health progress of Brazil as the result of strictly scientific investigations not surpassed by the research work of any corresponding institute in the world. Among the many illustrations of the useful work of the Institute of Oswaldo Cruz, proper mention may be made of a scientific investigation by two physicians, based upon personal inquiry

in the states of Bahia, Pernambuco, Piaui and Goiaz. The authors, for illustration, in discussing leprosy make the statement that this disease is particularly prevalent in the southern part of Goiaz. Valuable observations and statistics on leprosy are included in the reports of Dr. Mario da Silva Nazareth, made to the sanitary authorities of Rio de Janeiro. What is true of Brazil is more or less true of every other state of South and Central America, although, unfortunately, the official evidence is rarely accessible to American investigators. The government of Argentina has, for illustration, made public some extremely valuable researches on Malaria Prophylaxis, and on the results of local efforts to eradicate malaria in the most affected areas. If these reports were available in English they would be most useful to the American Malaria Committee and other students of a health problem of the first importance.

The sanitary progress of Brazil is reflected in the material improvement in the health of the principal cities. In the city of Bahia there has been a decrease in the death rate from 34.5 per thousand in 1897 to 13.6 in 1915. For the city of Bello Horizonte, the death rate declined from 22.3 per thousand in 1908 to 16.8 in 1916. The city of Manaus reports a decline from 35.4 in 1903 to only 15.3 in 1907, and for the city of Pelotas the reduction is reported from 22.5 in 1899 to 18.3 in 1917. The most extraordinary decrease in the death rate, however, occurred in the city of Rio de Janeiro, which in the period 1859-63 had an average mortality of 58.2 per thousand of population. The rate declined to 30.5 during 1884-88; to only 20.8 during 1914-17, and to as low as 18.8 during the year 1916.

Such evidences of progress are not the result of chance, or of natural causes, but they are the consequence of a deliberate policy of sanitary reform and sanitary control. Other illustrations could be given for practically all the states and cities of South and Central America, including the West Indies; but additional details would unduly enlarge the present discussion. There are, of course, exceptions, for there remain a number of localities with decidedly unsatisfactory health conditions. It is, however, a foregone conclusion that in a few more years these also will be under reasonable control. Reference need only be made to the fact that the city of Havana in 1898 experienced a death rate of 89.1 per thousand of population, against a rate of 18.8 per thousand during 1916, and that the city of Guayaquil experienced a decline in the death rate from 57.7 in 1897 to 42.1 in 1911 and 34.7 in 1917. It is sincerely to be hoped that the investigations which are now being made by a special commission of the International Health Board of the Rockefeller Foundation, of which Major General Gorgas is the chairman, will result in far-reaching benefits to the localities in the southern portion of the Western Hemisphere which are still afflicted with yellow fever, plague and malaria fever in a pernicious form. In view of the actual achievements in sanitary progress it is safe to forecast a further material reduction in the general death rate. Such a reduction if the birth rate should not suffer a corresponding decline would result in a further increase in population, with the practical certainty that the previous forecast of population growth would be exceeded during the next fifty years. The people of the northern portion of the Western Hemisphere have therefore good reason for a much more active interest in all that concerns the social and economic progress of South and Central America and the West Indies. The Pan American Union, the Pan American Scientific Congress, as well as other gatherings must needs prove helpful in the direction of a broadening understanding of the problems of mutual concern to all the countries of the Western Hemisphere. But the most promising field is the vast domain of commerce which ministers to the needs not only of the people of the Western Hemisphere but of the world. It is therefore particularly encouraging to meet with such a whole-hearted spirit of cooperation and intelligent coordination on the part of the Pan American Commercial Congress, which properly brings this gathering within the romance of commerce as one of the unthought-of solutions of world problems of an earlier day. The romantic history of Venice, of Florence, of the Hanseatic League, does not reveal a more forcible illustration of progress in the arts of peace than does this gathering of representatives of commerce and industry, held together by the tie of the Pan American Union, the very thought and conception of which reflects the greater wisdom and higher altruism of the statesmen and leaders of today than the men of a great historic past.

COMMERCIAL INTELLIGENCE AND PUBLICITY

LATIN AMERICA AND THE ASSOCIATED PRESS

By F. B. NOYES, PRESIDENT ASSOCIATED PRESS.

(Read at the Morning Session of Friday, June 6)

In order that you may understand the new relation that has recently been created between the press of North, South and Central America I should begin, I think, by explaining to you what the Associated Press really is and what it conceives its functions to be.

The Associated Press is a mutual cooperative association of something more than 1100 newspapers formed to supply its members, and its members only, with a truthful, clean, comprehensive, non-partisan—and this in its broadest sense—report of the news of the world as expeditiously as is compatible with accuracy and as economically as possible.

The Association has no capital stock and is forbidden by its Charter to make or distribute profits.

In the extent and importance of its operations it is probably the most notable cooperative effort now functioning.

The organization maintains its own bureaus or correspondents throughout the world in addition to its exchange arrangements with Reuter and Havas with their allied agencies and the Canadian Press.

It is probably the largest private customer of the cable and telegraphic lines and expends millions of dollars annually in collecting and distributing its news service.

Unlike many news gathering concerns of other countries it is in no sense a governmental agency.

Since its organization it has refused to handle "propaganda" matter, being firm in the belief that its function was properly limited to supplying a news service to its members that should be without bias so far as that is humanly possible.

This sort of an organization appealed to some of the most important South American newspapers and they informed us frankly of their desire to receive our service.

This led to a very careful study on our part of the news situation in South and Central America which eventuated in an invitation from the Associated Press to a number of leading newspapers in South and Central America—not to buy our service, not to become customers or clients but to join us as full members of our cooperative organization.

It is a matter of pride to the Associated Press that this invitation to our fellowship was instantly accepted and that we now list among our members the most important journals in the countries to the South of the United States, for we have had members in Mexico and Cuba for years.

The news service began on January 1st of this year and I am firm in the belief that this exchange of true, ungarbled and unbiased news is more effectual in cultivating and maintaining the relations of friendship and affection that should exist between the two continents of this hemisphere than all the propaganda that could be fed out by all the publicity agents that could be put to work.

The bases of our relationship with our new members are those of equality, of mutual respect, of full confidence.

Our South American members know that the news reports sent them will be straight news with no ulterior purpose and we have the same belief as to the news coming North.

From what I have told you, I am sure that it must be clear that the interest of the Associated Press in the specific commercial projects that this conference is discussing must be purely platonic.

Any aid to general buying and selling that this fellowship of the newspapers of North and South America brings will be only a by-product of a relation that had no such object in mind as an incentive to its creation.

I may with propriety say, however, that the growth in commerce that you are planning for must be built on the same bases as those I have stated as the

foundation stones of the relations of our new and old members—equality, mutual respect, full confidence.

While our organization will therefore be only a systematic onlooker in the progress you seek to accomplish the work we are doing is of immense importance to you.

We are making peoples know each other, know each other's habits, know each other's likes and dislikes, virtues and foibles.

Why, it is only within the last few weeks that the people of this country have learned through the Associated Press that foot ball is an international sport in South America. This may seem supremely unimportant but it is not. It is very important, for it goes to the vitals of a mutual understanding and sympathy.

On Wednesday a cable came from Brazil saying that a foot ball team from Bethlehem, Pa., had accepted an invitation to visit Brazilian cities and that it was reported that the United States Football Association had under consideration an invitation to send a team to the next South American Championship tournament.

Believe me, when we play foot ball together we are making progress.

The beginning of the flow of our news from North to South and from South to North carried with it, of course, a great strengthening of our Bureaus in South America and is now, having a collateral effect in causing a more energetic collection of news from Spain and Portugal, in the news of which countries our new members are especially interested.

I am afraid that I have not been able to add much to the sum of human knowledge in what I have said to you.

I would have you know that the North American members of the Associated Press enthusiastically welcome to the ranks of the organization the new members from the South. We greatly prize the friendships that are growing up from this association, we are proud that these high types of journalists of South America are fellow members and we hope and believe that they too regard us as friends and comrades.

I feel sure that I am speaking for our South American as well as the North American members in saying that we wish you Godspeed in your work.

We hope with you for an unceasing stream of ships carrying cargo and passengers both North and South. For us, we will see to it that a neverending stream of news of the world's happenings, its accomplishments and its failings shall flow between the two continents so that our peoples shall know each other better, feeling sure that as they know each other they will like each other more and more.

PAN AMERICAN JOURNALISM AS THE TORCH OF PROGRESS

BY HERBERT S. HOUSTON, EDITOR, SPANISH EDITION OF THE WORLD'S WORK.

(Read at the Evening Session of Thursday, June 5)

When General Bartolomé Mitre reestablished the independence of Argentina he found a newspaper to aid in safeguarding and perpetuating that independence, and he gave to it a title that clearly heralded its mission—"La Nación." That was no casual matter, something that just happened to happen, but a logical, almost an essential result in a war for liberty. Out of the fire and smoke of battle came the torch that was to light the way to democratic progress. So it has been throughout the world, ever since the Greek scholars bore the new learning into Western Europe, where it came with the Spanish and English and French to these western continents. This learning was the light and heaven of democracy and its spread has been by the printed page.

When the time came that these western democracies were ready for cooperation it was a newspaper editor who had the vision to grasp that fact and aid in establishing the Pan American Union. Nor was it a mere accident that this torch-bearer was a newspaper man for that was and is the place of the newspaper man in the march of progress. James G. Blaine of *The Kennebec Journal*, true to the high obligation of his profession, simply translated his vision into a definite

agency of service and forth-with the Pan American principle of inter-relationship among these republics of the West was embodied in fact. And that principle, as the present Director General of the Pan American Union has often pointed out, is the creative idea that animates the organization we now see taking form as the crowning triumph of democracy—the League of Nations. In Paris, a few days ago, the President of the United States at a dinner in honor of the President-elect of Brazil referred to these relations, that have been steadily growing in this hemisphere, as the impulse which has led to a sort of mutual pledge on the part of all the self-governing nations of the world that they will be friends to each other, not only, but that they will take pains to secure each other's safety and independence and territorial integrity.

To this sentiment the President of Brazil gave generous and hearty response, expressing complete agreement with the view outlined by President Wilson. And as if to confirm the soundness of the view and to throw into dramatic relief the "solidarity of interest" between the republics of the two continents, to which President Pessoa so eloquently referred, the newspapers of this country, in their capacity as torches of business carried advertisements offering to North American investors \$10,000,000 in bonds of Rio de Janeiro in the same issues that carried the news of the addresses of the two Presidents in Paris. The news was a beacon of understanding while the advertising was a beacon of financial light and accommodation, the bond issue being quickly oversubscribed; and both beacons were so luminous with genuine Pan Americanism that they may even have enlightened that Brazilian journalist who had recently returned to Rio de Janeiro from this country, bearing strange tales of the militaristic spirit of the United States and of the hostile purposes that were to be carried out against the republics south of Panama. Seldom has exuberant fancy been so speedily overtaken, as it was in this case, by the blazing torch of fact. And by a fine stroke of journalistic justice the press which had spread the dark rumors, likewise spread the illuminating truth and before it the rumors scattered as mist before the sun.

Its great mission as torch bearer of progress, the Press fulfills by rendering three wholly distinct but related services. It is the torch of news, of opinion and of advertising. But its basic service to the world is as the torch of news. Through and by this torch the light of understanding is transmitted by which men may be guided in their relations with each other, with government, with business—in fact, with the whole range of human activities. In the words of Scripture, "if this light be darkness then how great is that darkness." Here is the fundamental duty of the journalist. He must see to it that the torch of news is lighted with truth. Otherwise the torch spreads the darkness of error and falsehood, leading to misunderstanding and even to serious disagreements and wars. We have seen in the past five years to what length German propaganda could go in swinging throughout the two Americas the smoking and murky torch of falsehood. That object lesson has been so overwhelming, even endangering our liberties, that it should require nothing more to convince us that darkness is always spread by falsehood and to persuade us that our deliverance from German darkness should cause us to cleave forever to the light of truth. But alas, the human memory is short and human resolution is often weak—for even as we meet here in Washington there are not wanting signs that German propaganda, in even a more furtive and subtle way than ever before, is beginning to reappear. Surely this presents to honest Pan American journalism a clear mandate and obligation. In our hands is the torch of democratic liberty in this hemisphere. We must hold it aloft and send from it such searching rays that no lurking propaganda that would divide these republics by falsehood and misunderstanding can go undetected. And I should like to urge upon this Pan American Commercial Congress that it adopt the following plan and give it immediate effect.

"Believing that Pan American journalism is the torch of democratic liberty and the conservator and protector of the democratic spirit in the republics of North and South America,

"Therefore be it decided upon by this Pan American Commercial Congress, in session in Washington, June 2-4, 1919, that a committee of journalists to be made up of two from each country represented in the Pan American Union be appointed by this Congress to be known as the Vigilance Committee on Democratic Information and to serve, under the general direction of the Pan American Union, as an agency to detect and to reveal any propaganda that is a menace to democratic institutions and to the peace and prosperity of the republics of North and South America."

While I incorporate this proposal as part of the subject matter of this address, I shall, at the proper time, move its adoption.

The Pan American press as the great torch of news has recently had its light vastly increased by the enterprise of the Associated Press and the United Press, in enlarging their news service between the continents. The importance of this enlarged service is incalculable. It means better understanding and greater friendship. The light bearers who have brought this to pass, Mr. Frank Noyes and Mr. Melville Stone, of the Associated Press, and Mr. Roy Howard, of the United Press, deserve not merely unstinted thanks, but substantial and generous financial support, for they are building for Pan American good will the only foundation on which it can survive and grow—that of a common understanding. It is now possible, for the first time, to weave between these Republics those bonds of knowledge that are sure to become the bonds of peace and enduring friendship.

In this country great journals like the *New York Sun*, the *New York Herald*, the *Philadelphia Public Ledger*, have opened special sections for the presentation of news and feature articles on the Latin American Republics. These more elaborate articles, supplementing the news that is coming daily by cable, are giving to this country a greater breadth of knowledge of the interest, the hopes, the progress of Latin America than we have ever had before. And the journals of South America and of Cuba are even more enterprising, for they are matching our journals by giving even more attention to North American news than we give to South American and they also carry on in this country and in Europe educational campaigns in regard to their respective countries. It is often invidious to mention names, where so many are deserving of praise, but the work being done by the *Journal de Commercio* of Rio de Janeiro, by *La Nacion* and *La Prensa* of Buenos Aires, by *El Mercurio* of Santiago, and by *El Mundo* of Havana is deserving of particular notice.

This recent and great growth in the amount of news circulating between the continents has given fresh importance to the second distinctive service of the press, that of being a torch of opinion. In times past this torch has not always shed a strong, clear light. And the reason has been that opinion has not been based on full and accurate knowledge. Happily this is fast being corrected through the cable and special news services to which reference has been made. And it will be still further corrected if insidious propaganda can be checked through a strong committee of journalists operating under the general guidance of the Pan American Union. That is a means right at hand that can turn on such propaganda a "pitiless publicity," both through the torch of news and the torch of opinion.

In interpreting these two continents to each other it is essential that news and opinion be sufficiently comprehensive to present a well-balanced and accurate picture of the spirit, the activities and the whole broad life of the people dwelling in them. Otherwise the picture is incomplete and, however accurate it may be in some respects, the total impression will lack proportion and focus. There has been a signal illustration of this that has become so familiar that we may have lost its significance. It has been the good fortune of the United States to be represented abroad by a group of export journals of unusual force and ability. The most convincing evidence of their force and ability is the fact that they have had much to do with gaining for this country the reputation of being ultra commercial, even to the point of losing sight of the moral and spiritual values of life. In short, they have presented but one side of this country's place and power in the world, the commercial. Happily, that one-sided picture is being corrected through the publication, in the past few years, of several periodicals that interpret the whole broad life of the United States in terms of human, as well as of commercial values. This in no degree lessens the importance of the great export and trade journals, but rather supplements it, by supplying what they, in the very nature of their field and purpose, have not even undertaken to provide.

In the three-fold power to give light, through news, opinion and advertising, that is the thesis of this address there remains to be considered the luminous quality of the torch of advertising. In both North and South America the power of advertising has come to be one of the most potent forces in business. It is being studied and analyzed as never before, to the end that it may perform with the greatest economy and efficiency the work it has to do in the world. And a number of deductions from experience have been crystallized into sound practice. For example, it is generally agreed that advertising, like all business, must rest on confidence, and that, therefore, it must be guided and governed by truth. A

great international advertising organization has taken form in recent years, called the Associated Advertising Clubs of the World, and the one word Truth is its motto and symbol. In this country it has been responsible for placing honest advertising laws on the statute books of 35 States and it has done much to standardize advertising practice. This powerful association is to hold its international convention in New Orleans in September and it will further Pan American journalism if the advertising interests of both North and South America are represented in its councils.

For one thing, the journalists of Latin America will learn how seriously the publishers and business men in this country look upon advertising and how jealously they guard its good name. In this connection it would increase both friendship and trade between the continents if the few export manufacturers in the United States who are careless both of their country's reputation and their own, should be made known to publishers so that they might be denied advertising space in which they could offer their goods for sale. As a publisher I believe I can speak for North American publishers in saying that we would not knowingly accept an announcement from an advertiser, who failed to deal fairly with his customers or whose goods were not as advertised. And I have been commissioned by President D'Arcy of the Associated Advertising Clubs of the World to say, here and now, that the Vigilance Committee of the Clubs will immediately investigate, without charge, any responsible complaint, either of unreliable advertising or of unfair trade dealing, brought against a North American exporter. The great body of exporters in the United States is made up of men and companies of the highest character and the Associated Advertising Clubs are organized to protect both them and the buyers of American goods against the sharp practice of the dishonest few. The Associated Clubs have a strong legal department, equipped for investigation of cases, and, where the facts warrant, for prosecution, and in their name I publicly make the announcement that they will give immediate attention to all responsible complaints received at their headquarters, 110 West 40th Street, New York City.

The torch of advertising should be lighted with truth and the publishers of Pan America owe it to themselves, to their readers and to their countries to see to it that this is done.

During the sessions of this congress, you have been discussing how the great and growing trade between the two continents can be properly financed. As the leading bankers in this country see it, that is going to resolve itself at last in a campaign of education. The investor in this country must be informed with respect to the desirability and safety of South American investments and in regard to the necessity of this country making these investments in order to establish proper credits for export trade. This campaign will require educational advertising. So it is most essential that everything be done to see to it that advertising is placed on a sound and dependable basis. Already the American Bankers Association, the Investment Bankers Association and the Council on Foreign Relations have appointed three strong committees that are working in close co-operation in developing a plan toward establishing these credits.

This campaign of education will have to depend almost wholly on the press as it will require publicity, based on the intrinsic interest and value of the news in regard to foreign investments; publication work made primarily to reach the commercial and investment bankers of the United States, and advertising work directed to the education of the general public.

Through this campaign, the mind of the country could be quickened with the truth that labor and capital have a common stake in making a market for foreign securities, for on that market, their own prosperity must largely depend. Investment in these securities, it could be fairly urged, would yield three direct returns: Interest to the investor, wages to labor and dividends to capital; and beyond these direct returns, the common benefit of a widely diffused prosperity in the republics of North and South America. Pan American journalism faces this pressing and fundamental problem and it can do as much toward solving it as any of the other forces.

In speaking of the necessity of having the torch of advertising lighted with truth, may I tell my brother publishers throughout Latin America, a word or two from the experience of North American publishers. We have found that it has been not only good morals but good business to maintain a rigorous censorship over our advertising columns and to bar from them any announcements that offend good taste or that are not suitable to be borne across the thresholds of the

home. Following this censorship, we have barred from our columns, all objectionable medical advertising; all doubtful financial advertising and all advertising, of whatever sort or kind, about which there can be any reasonable doubt. And while there may have been some temporary loss of revenue there is not a publisher in this country who will not say that he has gotten from the best advertisers an amount of business that far over-balanced anything that he may have lost through refusing to sell space to doubtful advertisers.

Yesterday in New York, I was having luncheon with the advertising agent who places the largest amount of export advertising of any man in the United States. I told him of this address that I was to make here in Washington today and he asked me to say, in the spirit of the best friendship to Latin American publishers, that they would greatly enhance the value of advertising space in their columns if they would decline to carry objectionable medical advertising and doubtful advertising of whatever kind. He went on to say that some of his largest customers had positively refused to take advertising in publications that carried sensational and objectionable medical advertising, which was offensive both to good taste and to good morals. This message I am passing along with the definite conviction that every word of it is sound and true.

The time is going to come, and I have the faith to believe that it is not far distant, when the statement often made by my late partner, Walter Hines Page, will come true: "That a publication is no better than its worst advertisement." In a word, there can be no double standard for any honest publication. There is only one standard—that of absolute honesty, and advertising will fully come into its own when the time comes that this standard is set up and maintained by all publications.

In the great war that has been won for human freedom, the press in the democratic nations has borne a valiant part. It served through its enlightened news, through its courageous editorial opinions and through its powerful agency as a medium of advertising. Today, in the new world that follows the war, it stands as a mighty beacon of hope for mankind. A great international era is dawning in which the common interests of the world, without loss of racial integrity or of essential national sovereignty, will be considered and cared for by the League of Nations. The supreme common interest of the world, that peace be established and maintained on the basis of justice rather than of military power, will become the controlling purpose, the dominating objective of the League; and the League must not fail. It is the crowning achievement of civilization, and is essential to its protection from destruction. The League will not fail because the press in the democratic nations is overwhelmingly in favor of establishing it and will so inform and educate public opinion in support of the League that it is sure to become an enduring fact of history. This great dream has possessed the hearts of the peoples of the world. It is both the duty and the high privilege of the press to help that dream come true.

CABLE NEWS TO AND FROM LATIN AMERICA

By W. W. DAVIES, REPRESENTATIVE OF LA NACION OF BUENOS AIRES IN NEW YORK.

(Delivered at the Morning Session of Friday, June 6)

Mr. Chairman, Ladies and Gentlemen: It was somewhat of a surprise to me this morning to find that I was going to be called upon to address this meeting, but nevertheless, I welcome this opportunity. Mr. Noyes, in his address, told you something of what the Associated Press is doing for South America. I would like to add something to that and give you one or two suggestions.

You might get some suggestion, some conception of the service which is being sent to South America by the Associated Press when you know that the number of words each day going from New York to South America is thirty-five hundred. That is a tremendous cable service. You must understand those messages are sent in rigidly condensed form, so that when they get to South America they probably represent something like ten thousand words. My task, a somewhat difficult one, is to find something to send after the Associated Press has already cabled three thousand words to South America. Still, we have to do

the best we can and as Mr. Merrill will probably be able to tell you, we do send something beyond that three thousand words.

The position of a foreign correspondent is a somewhat peculiar one. His task is not so much to send what we call flat news, but to send information to South America which will be interpreted. The Associated Press we can always depend upon to carry fully and accurately any information as to what is happening and then it becomes our duty to explain what it means.

When I came to America about three years ago I was then the representative of a group of Australian papers, and I found that it was an extremely difficult undertaking to interpret the news for a place like Australia. When I first came to New York from Australia, I was visited by some Australians who said, "Is this where the American news comes from?" I said "Yes," with conscious pride. They said, "Well, we always read the news from New York but of course nobody ever believes it."

We have tried our best to change that and I am sure that in the case of service going to South America we have succeeded. The thing that we aim to do is not only to inform people as to what movements are on foot here but also to create and foster the Pan American spirit. I have recently tried to aid in that by establishing a little service of news which contains a number of items of Pan American interest which is being published now in *La Prensa* of New York. We gather those items of news from correspondents of *La Nacion* throughout South America and I have heard quite a number of comments from Latin Americans on how much they appreciate this additional news of the splendid service which the Associated Press is carrying.

I think that before I close a tribute ought to be paid to the All Americas Cable Company for the splendid way it has assisted in supplying this service to South America. You can have no possible conception of the amount of matter which that Cable Company has had to carry, but I will just assert that the figure which has been reached by that company on some days has been as much as eighty thousand cable words a day. If you can imagine what that means, spread over only twenty-four hours, you can get some understanding of how the company works to foster this spirit of Pan Americanism.

In addition to that, we find that we get particularly good service on the news which comes from South America. In addition to carrying news from here to South American countries this Cable Company has offered to carry news coming from Europe as well, because when there are any interruptions between Europe and Buenos Aires, that means an enormous amount of extra matter placed upon the cable from here to South America.

I welcome this opportunity, on behalf of *La Nacion*, to present a few facts that we are sending to South America, and I can assure you in my capacity as correspondent of that paper that I am going to do my very best to make known any movement that is started here for the betterment of Pan American relations.

HOW THE BUSINESS PRESS SERVES INDUSTRY

By A. C. PEARSON, PRESIDENT ASSOCIATED BUSINESS PAPERS, INC.

(Read at the Morning Session of Friday, June 6)

The publications of the Business Press may be divided into two general groups, namely, Trade Papers and Technical Papers. The Trade Papers are those which have to do with merchandising and which reach either the manufacturer or the distributor of merchandise, and the Technical Papers, such as engineering publications, are those which devote themselves to one particular science or profession.

The outstanding feature of a business paper is that it confines itself to business subjects and handles only those subjects which apply to its own trade or industry. The subscribers to business papers are interested in both the editorials and advertisements since they take these publications for the serious purpose of getting information and assistance in their particular occupation.

The business publication is made possible by the co-operation and support of its industry, but it likewise in turn makes possible the more rapid growth

of that industry. Experts on world commerce have stated that they could tell the progress of a nation in any line by inspecting its business paper in that particular line, and *any country wishing to progress in a particular industry might well invest a large sum in the improvement of its publications in that particular industry.*

The fact that the United States has made great industrial progress in the face of high wages as compared with other countries is due first, to the ingenuity of its investors and managers, and second, to the modern methods of manufacture and distribution made possible by the editorials and advertising services of its business papers.

Regardless of the great territorial extent of the United States, there is a similarity in the business methods and the kind of merchandise required in all the different States because of the quick dissemination of information through business papers. This same connection can gradually be established throughout all the Americas.

To get a commercial understanding and to promote the interchange of trade, it is necessary to read the same publications and adopt the same general business practices. It is most encouraging, therefore, that large numbers of the leading business papers in the United States are producing foreign editions and that many leading Latin-American publications are getting editorial information and extensive advertising from the United States.

The business paper's first service to commercial intelligence is in its news of the markets, of the merchandise developments of the trade, or of the scientific progress. Its second service is that of advice and criticism. One prominent trade publication has as its motto "What To Buy And How To Sell It." It devotes as much time and attention to the subject of selling merchandise as it does to the markets and the changes which will affect the price of merchandise.

A third great service rendered by the business publications is the advertising which it brings to the subscriber. In this is included the best offerings of the manufacturers in that particular line and a presentation in the briefest possible form of the merits and talking points of the merchandise which that particular subscriber is interested in. There is so much supervision of copy and method by the publishers, that in the business paper field today the advertising renders a service which is closely second to the editorial.

The leading business papers go into all the problems and the needs of their industry. They are the leading agitators for progress and frequently the unsparing critics of trade abuses. Many of these business papers conduct departments which personally aid their subscribers in handling their problems of accounting, store or factory systems, credits, and even co-operate with them in choosing the proper merchandise for specific uses or particular locations. They take a leadership in advocating necessary legislation for the improvement of industry, and are leaders in all helpful and patriotic movements.

For example, the "Made in U. S. A." campaign was originated by a business paper. The great prosperity campaign now running is the result of the co-operation between some leading business men and business papers. The present Webb-Pomerene Bill which promises so much for foreign trade in the United States was made possible largely by the co-operation and agitation of the business press. The fact that the United States Government secured its advertising free during the war, instead of paying out millions of dollars to publications, was due to the fact that three hundred business papers came forward and volunteered their space without charge to the Government for the duration of the war; the other forms of advertising rapidly came into line, but the leadership rested with the business press. In one Liberty Loan campaign there was given by the business press of America more than 4,000 pages of free advertising to the Government. In recruiting men for the Signal Corps, Aviation Corps, and other important technical branches of the service, the business papers took a leadership which brought them the unstinted praise of the Government officials.

These few illustrations are given merely to show the responsibility for leadership which the business press takes.

With this understanding of the business press it may readily be seen why they are giving so much attention and rendering so extensive a service in promoting not only the foreign trade of the United States, but also the interchange of products between all foreign countries and our own.

Since efficient service is based first on proper information, it will be necessary that the business papers make a thorough study of foreign conditions and that they equip themselves to show editorially the changing market requirements of the different countries to which their manufacturers wish to appeal. This rule applies to the Latin-American publications in the same way that it applies to those of the United States. There might well be close connections established between leading Latin-American business papers and those of our own country.

The activity of our publications in reaching the Latin-American field can not be judged merely by those which carry Spanish names, as a large number of our other publications are seeking foreign subscriptions and some of them produce special issues which are printed in Spanish as well as English.

The success of the trade between our respective countries will depend on the knowledge we have of the markets and requirements of our customers, wherever they may be. This information can be given primarily by the business press and there is every indication that these publications are thoroughly alive to the responsibility which they owe their industry as well as their country.

PAN AMERICAN CABLE COMMUNICATION

BY JOHN L. MERRILL, PRESIDENT, ALL AMERICA CABLES

(Read at the Morning Session of Friday, June 6)

Mr. Director General and Gentlemen: Conscious of the part which we have been privileged to play for the past forty years in the fostering of both friendly and trade relations between the three Americas, I am grateful for the invitation to address you briefly on the subject of Pan American cable communication.

Some forty years ago, back in 1879, James A. Scrymser officiated at the wedding of the United States and Mexico, i. e., he tied together these two great countries by means of an ocean cable. A few years later he linked to the United States the Central American Republics, then one by one the Republics of South America and Cuba, until today an actual link of over 7,400 miles in length connects New York with Buenos Aires and soon Uruguay and Brazil will join the international family.

In the Pan American Hall of Fame which our able Director General Barrett may some day build, there should be a niche for the late James Alexander Scrymser. The Americas will never realize the debt they owe to him and his inspiring faith in the future of Pan America, and to his associates who shared that faith and who supported him with the necessary capital.

To make the union between the Americas stronger, we have doubled and in many cases tripled the ties. I would that I could paint a word picture of what this union has meant to all Pan America. Cables under the sea should not be labelled a "dry subject." Continuity of communication, by efficiently operated cables, is a matter of vital importance and we feel that no one agency has done more toward the development of commerce among the three Americas and in fostering the friendly relations between the citizens of these Republics than the All America Cables.

In the rapidly expanding trade of the Americas the minutes and hours become precious factors of dollars and cents. Quick, accurate and easy communication is therefore a positive necessity in order that the citizens of the three Americas may bid promptly for profitable recognition in the world's markets. Day by day manufacturers and merchants are realizing that the world's important commerce belongs "on the wires" instead of in the mails. This is strikingly indicated by the remarkable increase in wire traffic. Are you appreciating thoroughly the value of these facilities?

The cable companies of the world are furnishing a service of rare importance at a time when the world stands most in need of such service. All are fully alive to their responsibilities. All are entitled to great credit and because my subject confines my remarks to the Pan American cable system, I trust I shall not be misunderstood as ignoring the wonderful service which other cable systems of the world have rendered, particularly in the past few years.

We of the cable companies, have been passing through trying times; we, of the All America Cables system have encountered untold handicaps; labor short-

age; shortage of materials, greatly increased costs and extraordinary conditions, and yet we can come to you, leaders of Pan America, and congratulate you upon the one outstanding fact—that during the World War the direct cables to Central and South America contributed a service of greater efficiency than ever before and we are proud of the fact that that very efficiency has meant much to the citizens of these republics, and that, notwithstanding the rising costs of operation, we have been able, by the increase of business to reduce the charges for our service. Do not misunderstand me, I am not here to “talk shop.” I make allusion to this fact, the truth of which is appreciated by the Governments and peoples of the Republics we have served, solely to emphasize a greater fact and that is that we, who are endeavoring to render a real public service, are fully conscious of our responsibility to you and the serious part we are called upon to play in promoting those intimate relations, along the lines so ably discussed here. There is a mutuality of interests between you and us that cannot be too strongly emphasized.

We must give you swift, secret and accurate service and at the lowest cost commensurate with the same. For this we count upon your support and cooperation.

We are fulfilling our part. No expense has been nor will be spared to make, between the United States and Central and South America, a cable service equal to any in the world. Nationals of every country touched by this cable system are working to this end by rendering efficient and trustworthy service as operators and employees.

As for low rates. Do you realize that despite increased wages and increased costs, no effort has been made by the All America Cables to increase rates but that—on the contrary—we have during the world war—when the cost of everything was mounting higher and higher, actually reduced our tariffs 25 per cent. We alone have maintained a Deferred Rate traffic during the war.

Now we want you to fulfill your part and give to our endeavor your support. If we have it you will not only tell us when our service is at fault, but will tell us when our service is good. A word of commendation, when deserved, means much to our staff and to the executives.

We invite your cooperation. By that I mean that we welcome your suggestions as to how you think our service can be improved, what we can do for the betterment of the country in which you are particularly interested; for the up-building of better trade facilities between that country and her neighbors and friends in this Pan American Union; for the promotion of closer ties of friendship between that country and the others.

By way of illustration, a distinguished Argentine conceives the immense advantage accruing from the formation of an Argentine and United States Chamber of Commerce. He permits us to cooperate with him, knowing full well our keen interest in everything that concerns the welfare of Argentine and the United States. He suggests that we make possible a weekly Bulletin of up-to-date trade information, market quotations and other news of interest not covered in the regular press service. Of course, we gladly cooperated with him and we modestly think that that cooperation will be of very real service to what he is endeavoring to accomplish.

As a public service corporation we are necessarily bound by certain regulations but those regulations do not forbid our helping in many special ways the countries we are privileged to serve. Here we may be in a position to render a special service to the Argentine, here to Chile, here to Ecuador, here to Peru, here to Uruguay, here to Paraguay, here to Brazil, and so on and on. Have you interests in Colombia? Or Ecuador? In Central America or Mexico or Cuba? Is there something out of the ordinary, perhaps, which the cable can do to bind these countries and ourselves more closely together? Let us hear it from you.

The point I am trying to make is that our All America Cables are American through and through. By that I mean (as I glance down our lines) we are Cuban, Panamanian, Ecuadorian, Peruvian, Bolivian, Chilean, Argentinian, Uruguayan, Paraguayan, Brazilian, Mexican, Guatemalan, Honduran, Salvadorean, Nicaraguan and Costa Rican, and all in addition to being whole heartedly for our own parent nation, the United States. I mean that what is for the good of each is for our good.

Gentlemen, we know the meaning of the word “American.” We are doing business today under the caption All America Cables and we shall not rest content until we serve directly every country in America. We have dedicated to the

service of the Americas some 20,000 miles of cable and land lines and we hope soon to complete our first extension to Uruguay and Brazil, later on from Rio de Janeiro northward. These Brazil extensions, with other important extensions about to be made, will bring the total mileage up to 30,000. We are not at the end of our task. Wherever in these Americas you think a network of cable communication should be spread, we are ready and willing to spread it. Where existing channels should be supplemented, it is our desire so to do. It is from your expression that we learn the location of new connections that will most benefit the common cause in which we are all interested.

The cable promotes unity among the nations; it makes possible a proper understanding between the citizens of these virile Republics of the three Americas, and it makes for a closer acquaintance. For the upbuilding of a better understanding between the Americas; for the cultivation of friendship that will last; for the developing and cementing of trade relations between the three Americas, I know of no greater agency than the press and I wish to make mention of the fact that we have heartily cooperated with the Associated Press, the United Press and other press associations and the great newspapers of the Americas in developing an interchange of news which already has had a marked influence in the United States and Central and South America, and that influence is bound to increase as time goes and will continue to do more and more toward the cultivation of that lasting fraternity among the nations of this Western Hemisphere, the foundations of which have been so marvellously well laid by the Director General of the Pan American Union and his capable associates.

In conclusion, it may be well in this international conference to bring out the importance, now recognized as never before, of preserving the integrity of the lines as they pass through the territory of each country. The communications may be supervised and regulated, but not interrupted, for this is essential for the preservation of national and personal life and interests. Under the strain of conflicts between governments and in trade, in times of disasters and calamities, of disease and famine, the cables should in the interest of each be protected by all the peoples they serve.

LATIN AMERICA IN THE PRESS OF THE UNITED STATES

BY ALFREDO VDH. COLLAO, PUBLISHER, "LA PRENSA," NEW YORK CITY,

(Read at the Morning Session of Friday, June 6)

I have been highly honored by being called upon to say a few words regarding newspaperdom which I will endeavor to do with absolute sincerity.

In the assemblage of forces now being called upon to build up the new relationship between the Americas, we must not forget the newspapers and periodicals of both languages, whose duty was until today to promote a friendly spirit, and whose mission in the near future will be to insure and fasten this relationship in trade, industrial and social matters.

I firmly believe that the best instrument to shape public opinion is the newspaper. I think we all agree that the average person, except those who have been directly connected through business or other activities with South America, have not the necessary knowledge of the Southern republics, either material or spiritual. I am sure that in this respect the American Press can do an enormous valuable work giving more space and attention to the Pan American subjects.

I want you, gentlemen, to understand that I am not criticizing, but to cure maladies we must have medicine. It is very seldom that we find in the American newspaper any news of South America, excepting for an earthquake or something of the kind. This very Conference gives us an instance of what I say, considering such an important and useful event, it has not been given the necessary importance by the press as shown in the daily newspapers throughout the country. It seems as if this assemblage of people of so many countries has not called the attention of the press, and this attitude is more noticeable since we received one after another the proves of deference and courtesy from the American officials, society and people.

In my opinion, after the paramount interest of shipping, the press should come next in the consideration of the mediums to be used as instruments for closer Pan American intercourse. The daily paper is the most able resource that

both the Government and people can find to express their purposes and needs, and as a promoter of more friendly relations by the abolition of misunderstanding, ignorance and prejudice. I believe that both the editorial policy and the information policy of the American newspapers can help in promoting a closer friendship by taking more often in account the opinion expressed by the press in Spanish and Portuguese languages, and with relation to news, there is plenty of opportunities to present the best points of our life and activities. A careful selection of the correspondents for American papers throughout our countries will help to create a better atmosphere.

As a resume of these ideas, I may advance the following suggestions:

To stimulate the interest in South American affairs by giving the American reader an abundance of reliable and selected information, and by often discussing in the newspapers Latin American topics. The transcription of opinions expressed by our Spanish and Spanish-American newspapers is also to be recommended.

The employment of the newspaper in the Spanish language with a view to familiarize the American reader with Latin American affairs and language.

To use the press in the Spanish and Portuguese languages to carry there the purposes of the American Government, commercial enterprises, and industrial interests in order to bring forth and illustrate the Spanish-American public in American subjects.

The giving of more facilities in land and sea to the second-class matter, by allowing a fair tariff to the bulk of newspapers going to or coming from Latin America, whether they are published in the English or Spanish language.

Now, as a practical example of the value of Spanish newspapers I may here state, that "La Prensa," of New York, the only daily edited in Spanish language which I have had the privilege and honor to direct since its foundation, is being used in most Universities and schools throughout the country as a text for studying Spanish and as a means to secure information as to commerce, opportunities, customs, social activities, etc.

Not solely is this a fact, but enterprises are using their columns to reach the South American buyers there or coming to the United States and bringing forth their products to the people of the Hispanic republics. They have understood and certainly appreciated the value of Spanish newspapers towards furthering business, good-will and friendship. I do sincerely hope that the American and Spanish newspapers will soon reach a perfect entente cordiale for the benefit of both parts of the Continent.

FILMS FOR INTERNATIONAL BUSINESS ADVERTISING

By JOAN CALLEY, A. M., ALL AMERICA FILM SERVICE, WASHINGTON, D. C.

(Read at the Afternoon Session of Wednesday, June 4)

When a commercial publicity film is so built that it carries enough human interest to make it of news value, and its titles are well written in the language of the country in which it is shown, it becomes not only one of the best possible media of commercial intelligence, but is a most effective agency in creating international good will. Built for Latin America, it will not only sell the goods for which the Latin peoples are now in the market, but it will build up a friendly interest in American business and American business men, and will develop a demand for articles that are not now wanted.

Latin American markets have been wide open to our goods not because we had really sold them, but because the fortunes of war gave us a chance monopoly of the only available supply. Now this great volume of business, with its enormous possibilities for further development will not remain ours, just because we happened to sell some goods during the war. Much of it will flow back into the old channels as soon as they are open, unless the industrial and financial leaders of America have clear enough vision to make a united campaign to hold, for the mutual benefit of the two Americas these trade winnings of the war. The problem is not one of pushing the article with the North American trade-mark under the eyes of the Latin. It goes much deeper than that. Can we create in the minds of the masses of the people of Latin America so clear an understanding not only of the purposes but of the personalities of our people that we shall

arrive at such mutual friendliness and confidence that not only will they wish to buy our goods, but by the same token we shall be interested in buying their bonds? Perhaps you remember a statement that was made on the floor of the Conference by one of our Latin American friends, a statement so luminous that I think I remember it verbatim. "You know we feel that we must be loyal to the folks who have trusted us with their capital."

But how on earth can you introduce a continent to a continent, when you meet at once the language barrier? There is a medium—just one single medium which, rightly used, can readily build up mutual friendliness and cordial understanding between groups of people widely separated by distance and language and training. That one medium is the well built publicity film. Whom do you suppose, of all Americans, are best loved and best known below the Canal today? Oh no! Guess again. Mary and Doug and Charlie, I'd say. Because they have smiled at South America oftener than any other three Americans. Now when it comes to a matter of the interests of business men in mutual trade relations do you really think Doug Fairbanks' smile has anything much on Homer Ferguson's. Or on yours? Try it over in your own looking glass. Don't you think that if you could meet the South American business man and could speak Spanish and Portuguese and could have a leisurely friendly visit with him that he might decide that you were a good sort of chap to deal with, that you were considering his interest as well as your own, and that it might be to your mutual benefit increasingly to deal with each other?

Build the right sort of business film and go down to Latin America on that film. Meet your Latin American acquaintances, who may decide to become your friends, not by the dozens but by the thousands. Films are fashionable, you know. The Kings do it and the Presidents, and the society folk, and the riveting gangs.

Do your Latin American friend the courtesy of showing him something more than the outside of your factory and the thing that is made in your shops. Say something to him beside your line of selling talk. He will not have to wait to have your greetings relayed through an interpreter. They will be right in front of him, on the film caption, before and after your smile, in his own language. If your manufacturing process is interesting he might like to have you tell him about it and show him over your works. He would be interested in seeing the people who work in your factories, in the arrangement of your offices, curious a bit about the number of women who seem to have responsible share in your office routine. Take him to your club. Invite him to your home. Show him your estate—your gardens, your cars and your horses. Tell him about your hobby. All this will go on a film. All this will interest him. Does your girl drive a car remarkably well for a youngster? Let him see her drive. Did your boy win a Croix de Guerre? That's human interest stuff. As to your home I have no comment to make. The wishes of women vary. But it is safe to guess that some of them quite enjoy the film. Consider the society page, and the way photographs of interiors find the editorial rooms of "Vogue" et al. When your personality has found a friendly place in the mind of the Latin American he will not forget to buy your goods.

This type of selling film will not only sell your own product but will pull powerfully in opening a market for other American made goods—goods that Latin America does not now know she wants. You know you cannot argue a Latin American into buying. They are just like us, in not being very anxious to be told what it is that we want. We think we know what we want. So do they. But we all like to gratify our interest in other folks and their ways and we all are influenced by suggestion. Being pleased, unconsciously we imitate. There is an everlasting monkey in us all.

The clerks walking about your offices in English-cut Hart-Schaffner-Marx and in Palm Beach suits, will begin to create a demand for the great American ready-made, though you may have built your publicity film for the purpose of selling bicycles. The picture of the sun-parlor of your country house will affect perhaps the future market for Crex rugs. The charm of your kiddies' play room might sell a Klearflax. In any case it would start Latin American children to asking for toys that are a bit different from those that have been coming to them from Europe. Every office interior, every beautifully furnished American home will help along the export market for that crowd of Grand Rapids furniture men who haven't been sending American furniture south so rapidly as they should.

You will, of course, follow up your films with the organization you have already built to take care of your foreign orders. Your salesmen will find the picture of great value in interesting new customers, and it will be of special help should it be necessary to send as your representative a man whose command of Spanish or Portuguese is not yet perfect. Due perhaps to our present defective teaching methods, we have but few commercial men who are also able linguists.

No type of film takes more careful work in building than the business film. Your Latin American films must be built by a director who understands the slant of the Latin interest in folks, who will study carefully the possibilities of yourself and your staff and your plant for picture values, who will study your product under the supervision of one of your own men and the South American market in relation to it.

Professional motion-picture actors should not appear in this type of film, for its value depends upon its being an actual record of your personality, your interests, your organization, and your product, so well photographed that it has artistic merit as a picture, so full of human interest that it becomes news, which audiences will pay to look at, even in the Rialto on Broadway in New York City.

The picture you build for Latin America must, of course, be titled in Spanish, or in Portuguese if it goes to Brazil. I suggest double captions. Put the Spanish on the upper half and the English translation below it. It would be a fine thing to send our languages right along together in peace and harmony like that. The peace and the harmony will, however, depend upon the quality of your Spanish title writer. We have done considerable harm to our business by sending poorly translated advertising material into Latin America. See that your picture is built by a director who will not use a cheap translator, who will not only work with publicists and translators of recognized standing, but who will have time and patience to submit titles for comment and criticism to the consuls of the countries that are to see the picture. Building a selling picture for an export market is no simple task. It takes an expert to do it.

But as a selling agent for your goods in a foreign market it has no equal in efficiency. It gets results. The cost is by no means excessive. A film can generally be built for rather less than the cost of one insertion of a two page spread in any national weekly worth using. After the negative has been built any number of prints can be made at relatively small cost. The amount you must charge off for depreciation from wear and tear, from one showing of a reel amounts to thirty cents. I'm not joking, I mean literally thirty cents. The only thing that is the matter with the thirty cent estimate is that it is too high. If a film is receiving good care the cost per reel per showing approaches fifteen cents. Sounds like a car-fare.

When once you have built your picture right, and given careful attention to the quality of the titling, you can depend upon a reasonably uniform response. The reasonably uniform misapprehension that exists in the minds of some Latin Americans regarding the personality and interests of the average business man in the United States, is due to the lack of any plan or care on our part to let them know what sort of folks we really are. Too many Wild West and Domestic Triangle pictures, without the balance of any adequate representation of most of us as we really are, would, after a period of years, affect the thinking and opinion of any audience. I know there have been among our American pictures some exceedingly brilliant exceptions, and of course there is always "Mary and Doug and Charlie" who are in a class by themselves. But there is so vastly much more to be told of the United States than can be told by an occasional "feature" done in Griffith's best manner, or by the uniformly interesting work of the "big three." Latin audiences would be interested in seeing something besides our mythical wild-westiness and our Triangles would we but take the trouble to build some pictures that would show life and the interests of our typical leading citizens, particularly the life and interests of our business men.

The motion-picture house in Latin America is generally much more beautifully built than has, until very recently, been usual with us. The audiences are far more leisurely, they are not willing to be hurried and crowded as we are. Moreover, the range of their interests is broader. Particularly is their interest in world affairs keener and wider than that of our own average audience. Evidence of this is amply given by the superior quality of their Cinema "News Weeklies,"

They are genuinely interested also in good industrial pictures, and one of the best that has been shown is a European film showing tobacco culture and the process of making Turkish cigarettes.

You believe, do you not, that the same Rio de Janeiro audience that was pleased with the cigarette film, would be pleased as well with the picture story of your own industry if you took the trouble to build a fine film with plenty of human interest news value in it and the best possible titling? Now I have no wish to underestimate the forms of advertising already in use, and I know their value. But the picture must be added as a great medium of commercial intelligence, because it is at once the most rapid and the cheapest way of interesting large groups of potential consumers in your goods. Take thought for a minute of the enormous number of people in the United States who cannot read any language. We were quite surprised and shocked recently when the results of army literacy tests were reported to us. I hardly think things are very much better in Latin America. Ten years from now there will be no more need of standing and explaining the unique advantage of pictures in opening foreign markets to you men who have American goods to sell than there is need now of standing and explaining to a market gardener over in Jersey the unique value of the Ford as a method of getting his truck to the New York market, as compared with his previous method of loading and harnessing by lantern light and jogging over the miles to market with a team and an old Studebaker wagon. Ten years ago some of you were salesmen, and you remember that you *did* have to stand and explain that a gasoline engine would pull the load to market faster and better and cheaper than the muscles of a farm team. And you had to explain that the thing was not dangerous.

Neither is there anything dangerous in assigning a big block of your advertising appropriation for the building of good films. They will develop interest in your product and good will for you, and can travel the road to the minds of the masses of the people sixteen times as fast as print. You know perfectly well, all of you, that people do not buy merely because they have information about goods, but because the desire for these goods has been developed in them. A picture can be so built, that it not only gives information about your goods but creates a desire for them. There are but two ways of releasing simultaneous emotion in masses of people. Music is one, the motion-picture is the other. But the picture can direct the mind at the same time—it can mobilize spiritual forces as the machines have mobilized brute strength.

It lies within the power of you business men of America to make the films not only sell your goods in Latin America, but also to build them so that they may become the greatest single spiritual force for mutual understanding and friendship among the free peoples of this hemisphere.

MOVING PICTURES FOR LATIN AMERICA

By C. F. McHALE OF THE NATIONAL CITY BANK OF NEW YORK.

The moving picture is, indeed, and of right should be one of the principal means of acquainting our South American neighbors with conditions, natural and otherwise, existing in the United States. There is, however, one proviso of great importance which has seemingly been neglected heretofore, and that is that great care must be exercised in the selection of the films to be sent to South America. Manufacturers have hitherto sent to South American countries the very same class of films that are used here. No special films have been prepared for use in the South American countries, with the consequence that erroneous ideas have been formed as a direct result of the poor choice of films. It is, thus, that the moving picture instead of proving beneficial, has proved detrimental.

In the first place, our manufacturers have not paid sufficient attention to the matter of translating the captions of their films, and have very often utilized the services of very incompetent translators to translate these from the English. In many instances the resultant translation has been very poor and very often failed to convey the sense of the original English. In the second place, our manufacturers have failed to exercise sufficient care in the selection of the type of film to appeal to the taste of South Americans. Up to a short time ago, fully 50

per cent of the films sent to South America have been Wild West films, depicting the Rough Riders, Indian fights, and great catastrophes. Of the remaining films, 25 per cent have been social dramas which have depicted problems in our social life, the most prominent of which were the problems of divorce, the faithless wife, etc. The remaining 25 per cent have been comedies of the Charley Chaplin or Douglas Fairbanks type and these have enjoyed the greatest popularity. It will readily be seen that these films have not had any educational value and that they have not tended to promote a better understanding of what the American people are, of what they are doing, or of what they like. Many South Americans, particularly those who have not travelled, have been prompted by these films to form erroneous ideas of this country. It is no wonder, then, that many people in South America think that this is the land of "catastrophes, Rough Riders and divorce."

It is absolutely imperative; therefore, that American film producers and exporters benefit by past mistakes and change the type of film that is being sent to South American countries. The ideal that our manufacturers should constantly keep in mind is that their films should be typical of American life and activity, and should tend to promote a feeling of mutual interest and respect between this country and its South American neighbors. Our manufacturers should consider themselves pioneers in an educational campaign to establish closer relationship between the United States and Spanish speaking countries, and should choose their films in conformity with this principle.

What type of films, then, is best suited to accomplish this purpose? There are in the first place the series of so called educational films which depict scenes of animal life, etc.; the great natural parks, Yellowstone National Park, etc.; activity of the American people in industry, such as, the manufacture of iron and steel, etc.; agricultural activities, showing the use of the latest inventions in machinery on model farms; our great railroads, steamships, piers, customs house activities, institutions of national interest, centres of education, universities, etc. We must keep in mind the fact that New York, although the greatest, is not the only city of interest in the United States, and should send scenes from different cities, affording activities of varying interest.

PUBLICATIONS OF THE PAN AMERICAN UNION

By EDWARD ALBES, ACTING EDITOR, ENGLISH BULLETIN, PAN AMERICAN UNION.

During the writer's connection with the Pan American Union, covering a period of nearly eight years, the two questions most frequently asked him in regard to this unique organization are "What is it *for*?" and "What does it *do*?" and it is with the view of answering these questions in broad and general terms that this sketch has been prepared.

First, as to what it is for. The organization was formed with the more or less idealistic purpose of promoting peace, friendly intercourse, good understanding, and commerce among the Republics of the western world. To carry out that purpose involves the employment of numerous correlated and coordinated branches of activity; and while the purpose may be ideal these activities are preeminently practical. To cover the entire field of the actual work of the organization would require much more than the space allotted, so that only a brief outline of what may be regarded as its chief activities is possible, and the question "What does it do?" can be but partially answered.

Recognizing the fact that international misunderstanding is often the result of international ignorance, that commerce is only possible where peace and good understanding prevail, and that peace and good understanding are best promoted among nations by a mutual knowledge and appreciation of one another's good qualities, it is the chief aim of the Governing Board and executive officers of the Pan American Union to acquaint the people of each of its constituent members with the activities, characteristics, cultural status, and general progress of the people of the others. This aim they seek to accomplish largely through the publicity department of the organization and through its work as a bureau of information.

In this connection, the leading feature of the publicity department is the illustrated monthly magazine known as the Bulletin of the Pan American Union. It is published in four language editions, viz., English, Spanish, Portuguese, and

French, for among the 21 nations comprised in the Union are countries whose national languages embrace these four. These editions, however, are not merely translations of identical contents, but each is specially adapted to its own sphere. For instance, matters that have no particular instructive value in the Spanish speaking countries, or in the Portuguese speaking country of Brazil, may be of great interest in the United States, so that frequently articles appear in the English edition which are excluded from the other editions, and vice versa. Such matters as social customs, commercial usages, simple geographical data, etc., relating to the countries of South and Central America are naturally matters of common knowledge in those countries, but are the very things relative to which the people of the United States need information. Articles dealing with such matters are therefore published only in the English edition. As an example of recent occurrence may be cited the series of articles which have appeared in the English Bulletin under the title "Exporting to Latin America." Prepared for readers in the United States by a member of the Pan American Union staff who is an expert on Latin American commercial matters and international trade generally, these articles cover in general terms the fundamental principles and chief bases of one side of trading with Latin American countries—the exporting side. The appeal, therefore, is to such manufacturers and exporters of the United States who, while perhaps familiar with the factors that enter into the problem of exporting to European or Asiatic countries, are neophytes as far as the other Americas are concerned. Naturally such articles are unsuited to the other language editions of the magazine. On the other hand, articles dealing with official statistics of the foreign trade of the various countries of the Union are of interest to all American commercial concerns engaged in foreign trade whether they are doing business in the United States or Chile or any other American country. Hence such statistical articles appear in all editions.

Again, articles dealing with the cultural status of the various countries form a special feature of the magazine. A series of articles recently appeared in the Spanish, Portuguese, and French editions which dealt with the artistic development of the United States, and briefly covered the fields of music, painting, and sculpture, giving concise accounts of the works of leading artists in their respective spheres. Presuming that the readers of the English Bulletin are familiar with such works of their own countrymen, these articles were excluded from that edition.

Many articles, however, besides those on commercial matters deal with subjects that appeal to readers in practically all of the countries. Such, for example, are articles describing the larger cities of the various countries, articles dealing with leading mineral or agricultural products; accounts of historical and scientific interest; non-technical articles dealing with progress in transportation, including aviation; sketches showing the present status of the intellectual life and of educational progress in the various countries, etc.

In addition to the special articles covering matters outlined above, the Bulletin gives summaries, in the form of short notes, of new developments in each of the countries under six special headings, viz.: (1) Agriculture, Industry and Commerce; (2) Legislation; (3) International Treaties; (4) Economic and Financial Affairs; (5) Public Instruction and Education; and (6) General Notes. Under these general headings are to be found news items gathered from official and unofficial sources from all the countries. These items cover matters of interest and important occurrences in the varied phases of development indicated by the general titles. Here again, notes dealing with important events or occurrences in the United States are included in the Spanish, Portuguese, and French editions but excluded from the English edition, these matters having been covered by the daily press and therefore having lost news value for English readers.

In short the aim of the *Bulletin* is to be a reliable medium of information through which may be had a better acquaintance and fuller understanding of the culture, activities, and general advance in all the complex factors of modern civilization, of the countries comprising the Pan American Union. Latin American readers seek such information relative to the United States, while the subscribers to the English edition desire a better knowledge of the Latin republics, and it is this demand that the *Bulletin* seeks to meet in its several language editions.

Another feature of the publicity department, and one that has an important part in meeting the demands made on the organization as a bureau of information, consists in the publication in the form of pamphlets of special reprints of certain articles that have appeared in the Bulletin, or of specially prepared matter dealing

with certain commercial information for which there is a general demand. Among such reprints of articles that have appeared in the Bulletin may be noted the series that deals with the leading cities of Latin America, such as Buenos Aires, Rio de Janeiro, Santiago, Montevideo, Lima, La Paz, the City of Mexico, Sao Paulo, etc. Another series covers leading American products such as coffee, rice, rubber, yerba mate, tobacco, cotton, etc., while other subjects covered by similar reprints deal with various mineral products of the Americas. Occasionally series of articles covering a single subject, such as the articles on "Exporting to Latin America," are embodied in a single pamphlet and are distributed gratis among those interested in the particular subject.

Another pamphlet designed for distribution in Latin American countries generally, was published in Spanish. It consisted of 40 pages in which were set out the general system of university education in the United States, calling attention to special facilities for higher training in cultural and professional courses, explaining the educational requirements for admission, general courses of study, degrees conferred, and practical information as to expense, etc., relative to the leading universities in the various sections of the country. These pamphlets were distributed to hundreds of educational institutions and public libraries throughout South and Central America, and did much to attract students from many of the Southern republics to the United States. It is estimated that in 1918-1919 there were not less than 3,000 Latin American students distributed among the colleges and universities of this country.

Special pamphlets dealing with foreign trade statistics of each of the Latin American countries are prepared by the statistical department of the Pan American Union, and are published as soon as official figures are received from the several governments. Translations of laws having special bearing on trade and industry are made for purposes of free distribution and to answer inquiries relative to these matters.

Another form of publicity undertaken by the organization is the furnishing of short, pithy articles to newspapers. These releases to the press cover matters of unusual interest to the reading public generally and deal with a great variety of subjects. If a distinguished official from some Latin American country is expected to arrive in the United States, a brief biographical sketch, often accompanied by a photograph, of the visitor is sent to the leading newspapers throughout the country. If some new enterprise is started, or a new development of an old industry, or an unusual public work is completed in a Latin American country, a short sketch covering the subject is sent to the daily press in the United States, publicity of this character reaching many more readers than can magazine articles. On the other hand, press releases dealing with special occurrences or events, non-political in character, taking place in the United States are prepared in Spanish and Portuguese and are sent to hundreds of newspapers in Latin American countries. While the subject matter of these releases is usually timely, they do not deal with matters usually covered by cabled news dispatches of other agencies and thus do not conflict with such services.

Supplementing these various forms of publications are the activities of the information section. Hundreds of letters are received daily in the office of the chief clerk and are segregated and assigned to the various members of the staff for reply. Many of these inquiries can be answered by previously prepared multi-graphed letters or by the special pamphlets heretofore described. Others require the attention of experts in Latin American trade and statistics, or need special research in furnishing the required information.

In this connection, a series of pamphlets containing general descriptive data in regard to each of the Latin American countries is published. Each pamphlet covers only one country and contains (1) a condensed description of the geographical and topographical features; (2) a short historical sketch; (3) an account of the constitutional provisions and interesting facts as to its government; (4) an account and brief description of its leading industries and products; (5) the most recently available statistics and analyses of its foreign commerce; (6) a condensed description of its leading cities; (7) an account of its railways and waterways; (8) a brief sketch of its progress in education and its public school system. These pamphlets thus cover many lines of inquiry, and are designed to answer such general questions as are usually asked by hundreds of persons in the United States whose interest in Latin American countries is more or less commercial, cultural and general. The foreign commerce sections of the pamphlets are revised each year

by the statistical experts of the organization, and this feature alone has resulted in a large demand for these little booklets. Other sections of the pamphlets are revised as occasion demands.

From this mere outline of what the Pan American Union does in its department of publications alone, some idea may be had of the manner in which the organization is carrying out the purposes for which it was founded. As to the merit and utility of this work—those connected with it may not judge. It may not be amiss, however, to cite an instance that occurred a few weeks ago. A telegram from one of the great banking institutions of New York reached the Chief Clerk's desk. It asked for 100 copies of a descriptive pamphlet on a certain country and also 100 copies of the special pamphlet dealing with its capital city. The required matter was at once forwarded. Subsequently it was learned that the Government of the great republic concerned had applied for a large loan for the purpose of making certain civic improvements in the capital. The officers of the New York banking institution knew of the Pan American Union's publications, and in order to inform their correspondent banks in other sections of the United States in regard to the resources of the country, the municipal government of the city, the character and enterprise of its citizens, the recent civic improvements made, etc., they needed the pamphlets of the Pan American Union. To float a large loan, confidence in the country applying for it, confidence based upon reliable statistics, trustworthy information as to present conditions in the city in which the money was to be expended, etc., was necessary. In order to inspire such confidence among the many financial institutions that were expected to aid in placing these bonds, the Pan American Union's publications were distributed. That is at least some indication that such publications have considerable utility. This single instance is cited merely because many millions of dollars were involved; many other cases in which the Pan American Union experts have been consulted in regard to national loans for other countries might be mentioned, but in this case so many institutions were involved that personal consultation was impracticable.

As stated at the outset, this sketch deals only with the publications of the Pan American Union. To describe its other agencies and activities, such as its great library; its remarkable collection of photographs used for illustrating its own publications and freely loaned to other magazines and newspapers; the propaganda carried on by means of addresses, lectures, etc.; its unique exhibits of Latin American products; its features of entertainment of distinguished Latin American visitors, etc., would require a book. Hence the limitation to a mere sketch of one feature of the unique institution which has for its slogan—"Peace, Friendship, and Good Understanding among all the Americas."

ADVERTISING LITERATURE FOR LATIN AMERICA

BY DR. ANGEL CESAR RIVAS, ACTING EDITOR, SPANISH BULLETIN, PAN AMERICAN UNION.

Language is without doubt the indispensable means by which we come to know others and by which we make others know what we are, what we can do and what is to be expected of us. It is no less necessary in order to arrive at a comprehension of people with whom we seek to establish relations of any sort. Up to now the chief stumbling block to the progress of Americanism and consequently the development of commercial relations between the United States and the other countries of America has arisen from the difference of language.

Commerce is not merely a matter of exchange of products or of credits. An understanding of the people with whom we are to deal, a knowledge of their needs, of their tastes, of their habits, and of their peculiarities is necessary. Likewise, they too require, since in a great part commerce signifies rivalry, that we reveal ourselves for what we are, at least in the large, showing them our strength, our capacity and how we compare with the people of other nationalities.

Before buying and selling we must advertise ourselves, not in the attenuated sense that the word has in mercantile or newspaper language, but in the broader and fuller meaning of human relations and of the intercourse of people.

It may be said that the need of advertisement is reciprocal, that the work should be shared by both equally, not only by the producer of manufactured goods, but as well by him who offers raw materials for sale.

To a certain point this is true, but only up to a certain point. The manufacturer requires constantly raw materials and such he looks for and obtains with little solicitation within or without his own country. It is only necessary that he make his needs known.

On account of the difference existing between manufacturing industry and extractive industry, whether the latter be agriculture or mining, those devoting themselves to the former have imposed upon them the initiative in the advertisement or the propaganda referred to. The stage of agriculture and mining precedes the stage of manufacture. In order that a people may arrive at the latter stage it is necessary that they should first have attained the former, or if not to be able to dispose of the elements necessary to acquire the raw materials not produced on their own soil. Even more, a truly manufacturing people is one that after having supplied its own needs overflows with its goods into the markets of others.

Necessarily this presupposes an economic status in advance of the agricultural or mining status, assuming that through the accumulation or supply of capital and of technical ability there may be created wealth not immediately needed, but which serves as a fund of reserve for use when needed.

In the position that the United States and the Latin American countries occupy economically in relation to each other, it is the former which is called upon to advertise itself, shouldering a double burden for itself and for the others. We say a double burden, because to the end that the United States may occupy in Latin American commerce, the place which it should have, it is necessary to tell its neighbors of the South what it has and the terms of sale, and must inform its own people what it is that the others need and how to sell to them.

For the first part it is essential to know the speech of the buyers as well as the art of advertising. Much progress is being made at present in the diffusion of Spanish and even of Portuguese in the United States, all of which shows without doubt that while the desired end has not yet been attained the purpose exists. From what has been already done we may conclude without exaggeration that Spanish will come to occupy the position in the United States that German occupied before the war. This of itself would be incalculable progress and a force of undoubted value. Thanks to a knowledge of the language, the people of the United States would find themselves in a condition to know the Latin Americans, to fathom their souls, to appreciate their qualities, to measure their needs, and to formulate adequate plans to satisfy them. At the same time with the acquirement of the Spanish and Portuguese tongues they would be able to make the Latin American see directly and without any intermediary what in reality they themselves are, the ends they seek, and what advantages the goods they fabricate may offer.

Catalogues in Spanish and Portuguese are unquestionably good advertising mediums, but on condition that the Spanish and Portuguese in which they are written be in reality such. The greater part of the catalogues which are sent from the United States to Latin America are in truth filled from beginning to end with Spanish or Portuguese words, but one cannot say that they are written in Spanish or Portuguese. This is not a paradox, for one only needs to read these catalogues to be convinced that, having been translated from some other language, they preserve the rules of construction peculiar to the language in which they were originally conceived. The manufacturer or advertiser in the United States must come to appreciate the fact that in order for his catalogues to produce the desired effect in Latin America it is absolutely indispensable that they be in good Spanish or good Portuguese. In English there is a word which suits well the genius of the people of the United States; it is "efficiency." In treating of catalogues, or of anything else, true efficiency consists in doing a thing as it ought to be done. It is not necessary that the catalogues be voluminous, it is necessary only that they be intelligible, that anyone may understand them. In order to attain the highest grade of efficiency, advertisers in the United States should judge with care those who offer their services as translators and keep always in mind the fact that cheap and rapid work is generally in this field the worst work.

In connection with the catalogue, it would be well if associations of manufacturers and chambers of commerce in the United States would publish weekly or fortnightly well prepared bulletins in Spanish and Portuguese, advertising raw products, fluctuation of prices, the state of the market, financial and banking movements in relation to Latin America and special recommendations respecting the preparation of raw materials from Latin America, which would meet the approval of importers in the United States, and other information of like kind and im-

portance. Such publications as this would render infinitely good service in the expansion of commercial relations between the United States and Latin America, for, up to now, the commerce of this country with Latin America has been almost exclusively in the hands of New York commission houses. This expansion would be produced by direct correspondence between manufacturer and consumer. This has been of manifest utility to the more important commercial houses of Latin America for whatever has been attempted along this line has produced the very best results.

In respect to newspaper advertising it would be well to discard stereotyped uniformity, especially when prepared with a view to the psychology of the people of the United States. Although of the same or similar origin, the countries of Latin America have each its own proper physiognomy shown in all that relates to forms. On this account advertisements should be edited with an eye to the formal peculiarities of each country, in the country itself, or by persons familiar with the idiosyncrasies of each country.

In respect to making known in the United States the commercial and industrial activities of Latin America, the state of its civilization, the opportunities offered for the investment of capital, etc., nothing better could be recommended than the practice which has had such excellent results in the last few months of the New York Sun which consists in publishing in its Monday edition two or three pages of articles written by people familiar with the life, the business and the natural resources of the Latin American countries and short miscellaneous notes covering a variety of matters received from well authenticated sources. If this example were followed by a single newspaper in each of the principal cities of the United States the results which would quickly follow would be astonishing. The Sun readers are able to ascertain from the news therein published that not only are there revolutions and mutinies in Latin America, but that there exists also a civilization worthy of respect and of study, and an ample field for the commerce, the industry and the capital of the United States.

NEWSPAPERS OF LATIN AMERICA

By W. P. MONTGOMERY, SPANISH-ENGLISH TRANSLATOR, PAN AMERICAN UNION STAFF.

The newspapers of Latin America are, generally speaking of a more serious type than are those of a similar class and standing in the United States. They gather their information with the utmost care, always aiming at accuracy and truth, and seldom enter, knowingly or unknowingly, the field of purely inventive, untruthful and sensational news manufacturing sometimes indulged in by some newspaper reporters and newspapers in the United States. The great influence which Latin American newspapers exert over the reading public is, undoubtedly, largely due to the high ideals and lofty aims of their editors, reporters, managers and owners, and to the keen sense of responsibility of all those who engage in newspaper work that theirs is a calling not merely for the purpose of a money remuneration, the paying of dividends or the wielding of political power, but rather for the higher and more ennobling objects of educating and uplifting, mentally and morally, the large mass of their readers.

Newspaper headlines in the United States tell the story of the printed matter which follows, frequently rendering unnecessary a careful reading of the text, so that North American business and professional men often only hurriedly scan the columns of the daily press, glancing at the headlines here and there on their way to and from their places of business, while at meals or during some lull in the arduous duties of office, store, factory or other work. An entirely different procedure is followed in the Latin American countries. The Latin American newspapers are read and re-read from beginning to end by a large number of their subscribers. While headlines are used they are as a rule very short and modest and are nearly always confined to a clear and concise statement of the subject under discussion, so that it is necessary to peruse the complete text in order to properly grasp the meaning intended to be conveyed. This encourages and stimulates newspaper writers in using their best efforts in an endeavor to excel in the art of pleasing and correct expression in vividly, brilliantly and truthfully portraying in an elegant and fascinating style such matter as is printed in their columns.

While the circulation of Latin American newspapers is not as large as that which generally obtains for the same class of publication in the United States, still the number of subscribers is not a correct index to the actual number of readers, inasmuch as, due to long established custom and to the inherent politeness and fine sense of consideration for friends and acquaintances, the Latin American newspaper subscriber passes his paper on to a number of his friends, until often, after going the rounds, it comes back to its courteous and accommodating owner worn, figuratively speaking, threadbare. While this custom of lending one's paper to one's friends may work a hardship on newspaper publishers, in so far as their circulation is concerned, still it is one of the many straws which shows the exquisite courtesy and goodness of heart of Latin Americans, and, helps in circularizing the advertisements contained in the paper.

The daily circulation of Latin American newspapers varies from 1,000 or less in interior points of the different republics to 150,000 for La Prensa in the great industrial center of Buenos Aires. This paper, which was founded 50 years ago as a tiny sheet of two pages 21 x 15 inches, has developed into a great daily of from 24 to 36 pages, 16 x 23¼ inches, containing 7 columns each. La Prensa was founded by Dr. José C. Paz, deceased, who not only was a great journalist but who also became one of the greatest philanthropists the Argentine nation ever produced. The building owned by La Prensa on Avenida de Mayo in Buenos Aires is one of the landmarks of the Argentine metropolis. The paper has a brilliant literary staff and an excellent cable service. It sells for the equivalent of 5 cents a copy in Buenos Aires and is a great news-gatherer and advertising medium. The prices charged for advertising vary from 20 cents to \$3.00 a line per insertion. Not only does La Prensa maintain a high standard as a newspaper, furnishing its readers with an exceptionally trustworthy and complete service of foreign and domestic news, but it also maintains a number of complementary institutions for benevolent and educational purposes, all of which are free to the public. Among these may be mentioned its departments of medicine, law, industrial and agricultural chemistry, music and free assembly halls—institutions unique in the field of modern journalism and newspaper enterprise. La Prensa is equipped with the most modern and up-to-date Hoe presses, electrically operated, and uses the latest models of linotype composing machines.

The table inserted below mentions one of the principal daily newspapers published in the capitals of each of the Latin American republics, together with a statement of the approximate circulation and advertising rates, the latter being subject to change at any time. In most cases large advertisers can obtain special terms on application.

| Country | Paper | Place Published | Circulation | Advertising Rate |
|--------------------|---------------------|-------------------|-------------|--|
| Argentina | La Nación | Buenos Aires | 80,000 | \$3.24 per inch per insertion. |
| Bolivia | El Tiempo | La Paz | 4,000 | \$19.50 per quarter column 2½ x 4½ in. |
| Brazil | Journal de Comercio | Rio de Janeiro | 30,000 | 12 cents per line per insertion, 7 point type. |
| Chile | El Mercurio | Santiago | 50,000 | 30 cents per centimeter (0.3937 in.). |
| Colombia | El Nuevo Tiempo | Bogotá | 6,000 | 25 cents per inch per insertion. |
| Costa Rica | La Información | San José | 7,000 | 25 cents per lineal inch per insertion. |
| Cuba | La Lucha | Habana | 8,000 | 40 cents per inch per insertion. |
| Dominican Republic | Listin Diario | Santo Domingo | 4,000 | 20 cents per inch per insertion. |
| Ecuador | El Comercio | Quito | 3,500 | 20 cents per centimeter per insertion. |
| Guatemala | Diario de Guatemala | City of Guatemala | 5,000 | 25 cents per inch per insertion. |
| Haiti | Le Matin | Port-au-Prince | 2,500 | 25 cents per inch per insertion. |
| Honduras | El Nuevo Tiempo | Tegucigalpa | 3,500 | 20 cents per inch per insertion. |
| Mexico | El Universal | Mexico City | 50,000 | \$1.40 per inch per insertion. |
| Nicaragua | El Comercio | Managua | 3,000 | Conventional rates; no fixed charges. |
| Panama | Diario de Panama | Panama | 10,000 | 25 cents per inch per insertion. |
| Paraguay | El Diario | Asuncion | 4,000 | \$2.54 per month for a space of 1 x 2½ inches. |
| Peru | El Comercio | Lima | 25,000 | 20 cents per line per insertion. |
| Salvador | Diario del Salvador | San Salvador | 12,000 | \$1.50 per inch up to 3 insertions. |
| Uruguay | El Día | Montevideo | 35,000 | 30 cents per inch per insertion. |
| Venezuela | El Universal | Caracas | 20,000 | 20 cents per inch per insertion. |

(1) This list is merely an illustration, space not permitting a complete list of newspapers published.

To reach the public advertisements should be in the language of the country in which the paper is published, that is to say in Spanish in all of the republics of Latin America except Brazil, where Portuguese is used, and Haiti where the language is French. If the article is one that can be easily illustrated by a picture and short catch words, this method of advertising has often given excellent results.

An examination of the great daily newspapers published in Argentina, Brazil and in most of the other Latin American countries shows that in arranging and classifying the matter contained in these publications, the advertising columns, cables and telegrams, editorial comment and reading matter are conveniently separated, thereby enabling the reader to more readily find the section of the paper in which he is most interested and to continue the perusal of same in an orderly, systematic and profitable manner. Some of the newspapers published in that part of Latin America adjacent to the United States, or which have more or less fallen under North American influence in so far as the methods of conducting the business of newspapers is concerned, have adopted display headlines similar to those used in the United States, as well as a somewhat indiscriminate intermingling of advertising, reading and other matter on all the pages of the paper. A few publications have gone so far as to make use of the crudely illustrated so-called humorous sheets, unfortunately so prevalent and popular in the United States, in their Sunday editions. Such an innovation, however, it is sincerely to be hoped will never obtain to any great extent among the attractive, neatly arranged, conveniently classified, ably edited, first-class newspapers of Latin America.

A feature of the Latin American newspaper worthy of praise is the section set aside in some of the great dailies, such, for instance, as the *Journal do Commercio* of Rio de Janeiro, for contributions from the public on matters of current interest, the newspaper expressly disavowing responsibility for ideas set forth in that section, and freely publishing all contributions submitted in proper form and which conform to the rules of the management. This public forum invites discussion and gives everyone an opportunity to state his views.

In closing these remarks it is fitting to state that the newspapers of Latin America have made out of that section of the Western Hemisphere some of the most liberal and democratic republics in the world by establishing what may be called an aristocracy, not of wealth, or political influence, or nobility of birth, but of literary attainments. Newspaper writers, authors, publicists, poets are members of this aristocracy, regardless of worldly possessions or accidents of birth, and nowhere are they more honored, respected and loved than in Latin America.

EDUCATIONAL AUXILIARIES TO COMMERCE

EDUCATION IN RELATION TO PAN AMERICAN TRADE

BY SEÑOR FRANCISCO JAVIER YÁNES, ASSISTANT DIRECTOR OF THE PAN AMERICAN UNION.

(Read at the Afternoon Session of Friday, June 6)

It is hardly necessary to repeat the statement so frequently made that good understanding is the basis of mutual respect. For neighbors separated by racial peculiarities, by different languages, the only way to cement that understanding is by their coming together to realize that they must live in a community of thought and ideals, of charity for mutual shortcomings and a fair estimate of common virtues.

Commerce and trade, the interchange of commodities and money, while they are powerful factors in the material development and the life of peoples and in fostering their friendly intercourse, cannot endure the exigencies of competition. But the interchange of ideas, the honest effort to understand one another, the knowledge of the history, the higher life, the greater aspirations of other peoples, will necessarily breed respect for these peoples, an interest in their welfare and a desire for mutual cooperation, which will be the foundation of an honest friendship that does not rely on the demand and supply of material needs.

And there is no reason why there should not exist among our peoples—since we are all Americans—this sort of union, of friendship, of mutual understanding, forbearance and respect. In our civil life we have in common our political institutions, which are the bases of our different nationalities; we have in common commercial interests and the necessity of mutual aid in the development of our material wealth; we have in common geographic boundaries, rivers and seas; we have in common historic deeds, great heroes, the conception of democracy and respect for the weak; we have in common the ideals of liberty and equality of rights, to which we owe the birth of our 21 free and independent republics of America.

We lack, however, a language common to all to facilitate our intercourse, to do away with misunderstandings, to allay suspicions, and to prevent distrust; we lack, on the material and economic side of our relations, uniformity of methods, legislation and other facilities. We lack a certain mutual respect to bridge over our too human shortcomings and make the road easy to a better, and I may add, more Christian and charitable understanding.

You, our brothers of the North, know your own history, your geography, your ponderous statistics, your immense resources, your marvellous growth from a handful of white men to a mighty nation, rich, powerful, hard-working, and until lately somewhat self-centered, because all your energies were bent upon the development of your own resources, the peopling of your vast territory, the building up of your mighty industries—the making of a nation which is today one of the greatest in the world. You have accomplished in half a century—a negligible fraction in the measure of time as applied to the development of mankind—what it has taken the countries of the Old World centuries to do.

We, your brothers beyond your southern boundary, have also done our part towards discharging that debt we all owe to civilization and to what I may call "Pan American culture." That degree of culture, however, while uniform in its intellectual phase, lacks a certain homogeneity in its material aspect. This is due to no fault of ours, but to circumstances only too well known to those who have made a study of Latin America. From its beginning the history of the once Spanish possessions of America has been fraught with difficulties and hardships, and it has been by dint of perseverance and a romantic love for things that are high, that the intellectual development of Latin America has attained a degree of culture that in no way can be said to be less than that of the most learned minds of the United States. Material development has been in almost every case impeded by the natural disadvantages of topographic and geographic conditions.

Hitherto most of our fancied grievances against each other, our unfounded suspicions, our begrudging acknowledgment of the good qualities of any and all of the other countries, have had their origin in a lamentable ignorance on the part of each race as to what the other really is, what it is striving for, and the manner

in which it faces its peculiar problems of social and economic life. The history of our respective countries, our geography, our literature, the language of our thoughts which voices our mental attitude, were but little known to each other, in spite of the fact that our peoples are necessarily bound together by many ties. It is, however, most satisfactory to those who have followed the increasing development of true Pan Americanism and fellow feeling, to note the growth of that sentiment of real friendship and practical mutual helpfulness manifested in the honest desire to know one another better and to understand the psychology of the other peoples of this hemisphere. There is a growing recognition of the practical importance of this enlightened and sympathetic international viewpoint for the export merchant and the commercial agent, as well as for the statesman and the diplomat.

In considering more specifically the topic "Educational and Social Auxiliaries to Commerce," including Vocational Training, Language Study, Exchange of Students and Professors and General Influences, I shall confine myself to certain phases of the subject that have come under the observation of the Section of Education of the Pan American Union, which is in my charge, leaving to those who follow me the presentation of other points of view.

About two years ago the Pan American Union established a Section of Education, by the unanimous vote of its Governing Board, and in compliance with resolutions on the subject passed by the Pan American Congresses. While the general unrest during the war has been a handicap to the work of the Educational Section, the interest shown both in the United States and in every one of the Latin American countries in the prospect of closer educational relations is most satisfactory, and promises a remarkable development in the very near future, as soon as general conditions become normal.

As to vocational training, meaning in this connection, as I take it, commercial education, it is gratifying to note the growing realization on the part of educators of the necessity of training men for the higher positions in commercial life, as shown by the increasing number of advanced courses in commerce and business administration offered by colleges and universities. Of especial interest is the emphasis now placed on training for foreign service, with particular reference to Pan American commerce. Courses of this kind are rapidly being added to the curricula of the principal universities, and Georgetown University in this city has lately established a separate School of Foreign Service.

The same tendency is manifest in the Latin American countries. The Universities of Buenos Aires and Montevideo have Colleges of Commerce, while in other countries there are commercial schools of collegiate rank. Commercial training is one of the branches most frequently sought by Latin American students coming to the United States. An inquiry recently received by the Section of Education of the Pan American Union from Cienfuegos, Cuba, as to the best curriculum for a Pan American School of Commerce is one of the evidences of the growing interest in this subject, as well as the Congress of American Economic Expansion and Commercial Education held in Montevideo last February. That Congress made some excellent recommendations along the line of broadening the scope of higher commercial studies, one of which was the exchange of professors and students between higher institutions of commercial education in the American Republics.

As to language study, the Section of Education has not ceased for a day to recommend through correspondence and other means of propaganda the study of Spanish and Portuguese in the United States and that of English in Latin America. Just how far the study of Spanish in this country has developed, is hard to say, but it can be stated that its progress has been extraordinary, far beyond our hopes. Spanish is now taught in all the colleges and universities of the major type, and in the great majority of minor colleges, besides thousands of secondary schools. It is undoubtedly the most important commercial language for the United States today, and that this fact is coming to be recognized is shown by its being placed on a par with other modern languages in many schools and colleges, while in some instances it has practically replaced German. Portuguese has also been added to the curriculum of some of the large institutions for the benefit of those especially interested in Brazil.

With regard to the exchange of professors and students, these are factors of the greatest importance which are receiving especial attention from the Pan American Educational Section. Our correspondence shows a growing desire on the part of teachers in the United States to spend a year or more in Latin America

and of Latin American professors to come to the United States. The University of Washington at Seattle has had an exchange arrangement with a Chilean institution and is planning a similar one with the University of Mexico. Arrangements are now being completed whereby Latin American teachers will exchange with those in two colleges of Texas and Wisconsin. The Mexican Government has expressed an especially cordial desire to carry into effect an interchange of teachers, and students with the United States.

As to students, the number of young Latin Americans coming to the United States is increasing daily, to such an extent that we have been unable to obtain an accurate census of these students, but there are probably over 3,000. A recent investigation made by the Young Women's Christian Association has revealed at least 125 women students from Latin America. In this connection it should be said that a very special interest in and cordial attitude toward Latin American students have been shown by the majority of the colleges and universities of the United States, either by offering them special scholarship assistance, showing liberality in the matter of entrance requirements, providing special faculty advisers, or in other ways granting them various facilities. Other agencies are also rendering help to these students. The Young Men's Christian Association has a special Committee on Friendly Relations among Foreign Students which offers its services freely in meeting incoming Latin American students and directing and advising them, also in promoting Latin American student clubs and dormitories; the Young Women's Christian Association has detailed a special secretary for Latin American women students; the Catholic University of Washington is considering the establishment of a dormitory and clubhouse for Latin Americans in this city.

The Section of Education of the Pan American Union carries on with Latin American students an increasing correspondence, conveying a vast amount of information, and undertakes to translate the credentials of Latin American applicants and to arrange for their entrance into the educational institutions they have selected. Through our efforts the University of Georgia has agreed to provide, in connection with its regular summer session, a summer school of English for the benefit of any Latin American students desiring such instruction.

The number of United States students desiring to go to Latin America is also on the increase, comprising both teachers wishing to take post-graduate courses, and undergraduates, some of whom have the express purpose of fitting themselves for the consular service.

The Section of Education has many requests for aid in arranging exchanges of correspondence between schools in the United States and in Latin America. Such interchange is not only of much educational value, but may eventually lead pupils who have become interested in another country to go there for further study.

This is, briefly stated, and so far as the Section of Education is advised, the situation in this hemisphere with regard to education and social intercourse as auxiliaries to commerce. In conclusion, I wish to make a practical suggestion which, if carried out, would be of inestimable value to international commerce. The students who would derive most practical benefit from study in a foreign country are those who are preparing for a foreign trade career. Why could not commercial organizations throughout the United States give travel scholarships to the best students in foreign trade courses, thus stimulating interest in this kind of scientific preparation which will one day revolutionize the commercial relations of the Americas?

VOCATIONAL EDUCATION FOR THE BUSINESS OF EXPORTING

BY DR. ROY S. MACELWEE, SECOND ASSISTANT DIRECTOR, BUREAU OF FOREIGN AND DOMESTIC COMMERCE.

(Read at the Afternoon Session of Friday, June 6)

The object of education for the business of exporting is essentially and primarily vocational. Its object is to train clerks who will become managers. The object is to train people *how to do* certain things, not simply to talk *about* them.

This does not mean that a broad cultural background is not necessary or desirable for a young man in order to assist him to get on in the business and rise in it. The practical task is to train people to do certain definite things.

Job Analysis as Basis for Planning Courses in Vocational Education.—The relation of commercial education for the exporting or shipping office to the entire subject of education in general may be fixed at the start. Vocational education for an export department job of a certain grade and age is added to the proper educational foundation that a person may reasonably be expected to have at that age.

The basis for planning any vocational education for exporting is the analysis of the position that a person of a certain age may be reasonably expected to fill.

General Educational Groundwork of Clerks in Exporting Offices.—We look over our office force at home and find the largest number of employees in Group I, employees who come into the exporting office from high school in junior clerical positions. Those who have had the advantage of going to college are exceptions; their numbers must be increased.

In the home office we find that in addition to the army of young clerks of high-school age in Group I, we have Group II, comprising senior clerks and assistant managers who have been in business for several years. They may have come into the business from high school, or from grammar school even, and worked up slowly, or they may have come in as college graduates and have worked up with fewer years in business because of their superior educational equipment. Other things being equal, it is now generally conceded that the person with the college education will eventually catch up to and pass the person with the same ability who has not had this advantage. Confusion arises in comparing men of different natural capabilities. In the home office, then, we have junior and senior clerks, and junior and senior managers.

Educational Prerequisites for Foreign Service.—Persons in service overseas constitute Group III. To be sent by the house into foreign service is an advancement. The preparation for this service requires more than the experience as a clerk, or as a junior manager in the home office, or as a successful salesman. Foreign service for the firm demands all the training in language and knowledge of foreign affairs that will make a man or woman successful as a salesman or a buyer or a branch manager overseas. The special training for this advanced service requires the prerequisite of more mature business experience and mastery of technical subjects in school and on the job, and also more mature years. Courses of reading and training for overseas service are, therefore, not of high-school grade, but of university post-graduate grade—even if not taken for credits toward a Ph. D.

Under this group of service abroad we must also add the manager and specialists of a division of the home office that deals with the business of a specific commercial area of the world, such as the Far East, Latin America, or Russia. The manager of such a division should have had actual foreign experience in the particular area. The clerks may be trained here at home by proper courses of study.

Therefore in reply to our question, "*Whom shall we teach?*" a job analysis of the entire organization shows us that we have the three groups enumerated: (1) Clerks, (2) Assistant Managers at home, and (3) those persons in service overseas specializing in certain parts of the world. We are interested here in the study of the South American areas.

Managerial Apprenticeship is Shortened by Vocational Training.—It must be decidedly emphasized at this point that this category of clerks, managers and men in foreign service represent a progression in the responsibilities and age of the individual covering roughly 20 years, and therefore an increase in the breadth and depth of the knowledge of the technique and markets of foreign trade that the individual must have. There is an average age of employee for certain positions, because of the degree of experience and responsibility demanded by the position. For argument, we may say that he enters at 16, is a salesman abroad at 26, and a manager at 36. For the boy or girl entering an export office it is usually at least a 20-year pull to the position of manager. Obviously the training for the job will progress accordingly. Yet the object of the training is to cut down the 20 years by substituting vocational teaching for some of the slowly acquired experience. For instance, by studying until 19 or 20 the managerial or foreign-representative rank may be reached at 30—a net gain of six years in a young man's life in addition to greatly increased efficiency all along the line of progression. The college graduate may start five or six years later, but because of superior training and mental discipline should arrive several years sooner at the managerial grade. His training should cut down the unproductive years.

Studies Essential to Success in Foreign Trade—Vocational Technique.—We now face the question of "What to teach?" Again we have three classes of studies: (1) We have the technique or routine of the practice of exporting; (2) we have market studies by major-commercial areas; (3) we have the language studies. These three must also be kept clearly in mind as separate entities. Technique comprises two groups of subjects: (a) Those that are elementary and specific and (b) those that are advanced and general. In commercial education we have long since come to the belief that in the beginning of the study there should be a group of practical subjects that will fit the pupil of a certain age to hold the best position it is reasonably supposed that a person of his years and maturity can fill satisfactorily. The first courses should teach him something definite, to hold a definite job. Upon these can be built up all the other courses which take a youth forward in his knowledge along with his advancement in years until he is master of all the details of business administration.

Foreign Trade a Profession—Technical Literature in Press.—The mere enumeration of title of single lectures or of courses is bootless for advancing foreign trade education, unless the literature is forthcoming for use as texts. We have long since left the stage and development in our foreign trade education when we can give a course on foreign trade. A course in hygiene will not make a physician. Foreign trade is a profession, just as medicine or engineering—not a subject for a course. In order to have enough knowledge on any one of these subjects to induce an employer to hire a man for that particular work, the subject must be gone into in great detail—and in the most practical way possible. From this point of view it has been necessary to create a new literature—and this process of creating a new literature has only started. As the demand increases, we will have practical men cooperating with professional teachers in bringing out the printed results of their careful analysis of various phases of this great profession.

Two new manuals for foundation courses are joint products of the Bureau of Foreign and Domestic Commerce and the Federal Board for Vocational Education. Also, an export manager and a professor have combined to produce a book on "Foreign Correspondence." A book on "Foreign Advertising" is in the mill, and also one on "Foreign Credits," and another on "Packing for Export." Others are in process by one or another agency. The fact that we are trying to bring out right at this stage is this—we have passed the day of glittering generalities and must now get down to details and concrete studies of the practical facts involved in conducting an export business.

Necessity of Foreign Market Studies.—A study simply of the technique or routine of exporting, whether it be letter writing, tariffs, or documents, is not sufficient.

The second group we said is market studies. Market studies are important for the manager at home and for the salesman or manager who goes abroad. In the very nature of the subject we are now dealing with a mature student.

Market studies present a unique and difficult problem. It is obvious that no one man can know enough about all the world to have his knowledge on any part of it worth an addition to his pay envelope. To make this knowledge valuable it must be specialized and specific.

Obviously the world must be divided in order to make it possible to study parts of it with sufficient intensity to render the knowledge of any area of real commercial value. The Federal Board for Vocational Education is taking the Shipping Board map that divides the world into ten major-commercial areas and several minor sub-divisions, and using that as a basis for the market studies for advanced foreign-trade education. This map gives four major divisions of Latin America, namely, (1) Caribbean area, including Mexico and North Coast, (2) West Coast, (3) River Plata, and (4) Brazil.

Curricula for Study of Foreign Commercial Areas.—Chiefs of divisions of the Bureau of Foreign and Domestic Commerce are cooperating in the production of commercial area curricula. If a man is interested in a certain part of the world, either in the home office or because of a contemplated sales trip abroad, or because he expects to go out and take up his residence as a representative in a certain commercial area, he desires to learn all he can about that area in as short a period as possible. These curricula, therefore, will try to make it possible to give a 15-week intensive training in major outstanding features of commercial areas and the languages that are used there. Thinking in terms of the evening continuation school for those persons who are on the job in the exporting business and therefore

must do their studying at night, we would have three evenings a week, in which one hour and a half would be devoted to intensive language practice, and the other hour and a half each evening to one of the following three courses: (1) History, government, and institutions; (2) geography, resources, transportation, population, trade statistics, etc.; (3) methods and practices of commerce of one trade region. The fixed purpose is to fit a man to go to a certain part of the world and to sell his goods there. Within a short time Mr. McQueen and Dr. Dunn, Chief and Assistant Chief of the Latin American Division of the Bureau of Foreign and Domestic Commerce, will have completed a four course curriculum of study on each of the four major commercial areas of Latin America. These study outlines, for home reading or classroom teaching, will appear this summer in an enlarged and revised edition of Bulletin 24, published by the Federal Board for Vocational Education. The work on study outlines and curricula that I began there so feebly is being forcefully carried on by Dr. Samuel MacClintock, who will tell you more about it. Also other curricula for other commercial areas are coming along. Mr. Eldridge, Chief of the Far Eastern Division is preparing a similar set of study outlines for his special field. Likewise, Dr. Robinson on the Near East and Dr. Huntington on Russia. These and others to come in addition to the many elementary and advanced technical courses outlined in Bulletin 24 present and future, together with the literature underway will make it possible for a number of educational institutions to open broad gauge schools of foreign trade with extended curricula this very fall.

Six manuals to serve as texts for six unit courses on the steamship business are also nearing completion. This is a cooperative effort of the U. S. Shipping Board, the Federal Board for Vocational Education, and the Bureau of Foreign and Domestic Commerce.

Necessity of Practical Foreign Language Study.—The third leg of the stool is language proficiency. If one stops to think about it and realizes that there are 10 or 12 important commercial languages, and that in each one of these languages there may be 50 different trade vocabularies, the impossibility of one person studying languages for world trade in general, without a particular field in view, is at once apparent. Language education in school from an early age is desirable to form the language habit. I believe that Spanish, Portuguese or French, or both are the most generally in use. But language pedagogy must be radically changed. A live modern language or two should be taught in the schools from an early age, provided, of course, that it is well taught. Such language study is cultural and fundamental, as well as utilitarian.

However, when one begins to study a commercial area with the object of conducting business for the firm with or in that area, or of going there soon, the necessity of learning the principal language of that area, to use it in selling goods, is utilitarian. The time is short, the need great, the necessity of ever having to learn that language perhaps unanticipated. This means that one must learn to understand and speak it and to write a respectable letter in it, and quickly. Our evening school students are studying the language to be able to sell goods in it. The language is a tool, not a decoration. It is for a strictly vocational use, not primarily a cultural grace. Nevertheless, the cultural value will not be lost upon your representative if he is a person of culture. When the foreign language becomes a living thing to him, and he has a cultured background from school or college, and is fond of reading, the literature of that country will be a delight.

Role of Educational Institutions in Vocational Training.—We now come to the next, the third, subdivision of our analysis. "Where will foreign trade be taught, and who is going to teach it?" Father Walsh of Georgetown University started a large set of courses last February and is doubling the extent of the curriculum for this fall. Already he has five hundred applications for admission. New York University, the College of the City of New York, Boston University, University of Oregon, University of Seattle, Harvard and several others have expanded their curricula to the dignity of a professional training in foreign trade. We are coming on.

To aid in this important work your cooperation is solicited. We hope to exchange professors and students in time. We can begin to exchange ideas right now. Schools in Norway, The Netherlands, Peru and Australia have already opened exchange relations. The commercial attaches have been instructed to aid such exchanges. By close cooperation at home and abroad we can develop a literature and training for the important profession of international commerce that will go far toward closer social and commercial intellectual association of the 21 sister Republics of the Americas.

TRAINING FOR FOREIGN SERVICE

BY DR. SAMUEL MACCLINTOCK, FEDERAL BOARD FOR VOCATIONAL EDUCATION.

(Read at the Afternoon Session of Friday, June 6.)

Training is necessary in order to develop an effective personnel. A country may have goods that are wanted abroad, it may have ships in which to carry them, it may have adequate banking facilities, but unless it has a trained and efficient personnel, it will find its foreign trade unduly burdened by costly mistakes, delays, and irritating friction.

The necessity of adequate training has come to be recognized in related business fields. Not only are the engineer, the architect, and other members of the professions thoroughly trained in the principles and procedure of their work before being put upon their jobs, but likewise the accountant, the business correspondent, and the traffic man are all trained in addition to their daily office experience, and to the great advantage of the individual and of business.

Similar results can be secured by training of an adequate type for those in foreign trade. The old-fashioned single course in foreign trade, however, which has heretofore been offered in a limited number of our colleges, is not adequate. Taught by an economist without practical experience, such a course gives, to be sure, an orientation and a background to the student that is well worth having to those who are able to take the long view, but it is not vocational. It does not prepare the young man to go into a foreign trade house and be of any immediate service. Furthermore, few men who take such foreign trade courses in college ever go into the field. It is for this reason then that I advocate foreign trade courses primarily for those already on the job and who need and want a systematic training in connection with the work which they are doing.

What is needed in the way of foreign trade courses is first of all simple, practical, vocational training for those already on the job, those who are getting valuable training out of their day's work, but who can be immensely helped by proper organization, interpretation and correlation of all of the material with which they have to deal. As a result of considerable study, I would suggest the following basic of fundamental courses of a vocational character as thus described:

(1) Document technique, or foreign trade paper work. This means a study of all the ordinary clerical papers that enter into the routine of a day's work in a foreign trade office. These papers should be followed through from operation to operation until the procedure not only becomes clear, but their significance likewise.

(2) Foreign trade merchandising, or sales practice. Every people has its own psychology, its trade customs, and its peculiar characteristics. In order to buy or sell abroad successfully, one must know what these peculiarities are and how they should be met, how the markets are organized, what are the best agencies and methods for reaching such markets.

(3) Foreign trade correspondence, advertising, and publicity enter to some extent into every office doing foreign trade. Here, again, a knowledge of the particular psychology and trade customs of different countries will enable one to do business there with greater ease and increased efficiency than otherwise.

(4) Commercial relations, or that part of general commercial geography which deals with the foreign trade relations of one country and of one geographical area with another. One may know, for example, that copper comes from Peru, but unless he knows where it goes and what Peru secures in return for it, he will have only a limited vision of the broad flow of commercial products. Gathering up drugs in small dribblets in backward countries, bringing them together into regional markets and finally into great international markets, constitutes one example of how the articles of commercial importance enter into world trade and make the great commercial centers and transportation system of our times. As recent events show, these centers and routes are constantly shifting and at times are permanently dislocated, with interesting results to many people and countries concerned.

(5) Then we come to the important subject of foreign languages. We North Americans have been particularly negligent in this respect, but there is now a ferment throughout educational circles with regard to teaching the major commercial languages which augurs well for the future. It goes without saying that foreign languages should be taught as spoken, as well as written tongues; as living, not as dead languages.

After these rather basic courses which, in their essentials, are needed alike by adults engaged in business and studying during the evening, by college students, and by fourth year commercial high school students, we come to a further group of studies which may be designated as specialized, or advanced studies. Here I would make the following suggestions:

(1) International financing, including foreign exchange, investments, credits, and collections; (2) Principles of ocean transportation; (3) Ports and terminals; (4) Modern tariffs, commercial treaties, export combinations, and customs regulations.

A still further group of subjects for those specially interested in shipping might be suggested as follows: (1) Steamship traffic management; (2) Merchant vessels; (3) Wharf management; (4) Marine insurance; (5) Laws of the sea.

Beyond this, we might well extend the study to certain regional, or special trade area, courses such as

(1) Latin-America which might well be subdivided, if one has the time and the organized material, into the Caribbean Region, Northern South America, Western South America, and Eastern South America; (2) Western Europe; (3) The Near East; (4) The Orient; (5) Northern Africa; (6) Southern Africa.

The Federal Board for Vocational Education, The Bureau of Foreign and Domestic Commerce, and the Shipping Board are cooperating, to some extent, in the production of material for study where no such material is already in existence; for example, manuals dealing with the documents of foreign trade and with sales practice will be brought out as government publications before the end of Summer. Likewise, the five shipping subjects just mentioned will be prepared by these joint agencies mentioned, but published by a private firm.

The educational institutions—colleges high schools of commerce, evening schools, Y. M. C. A.'s, private business colleges, and correspondence schools—are all willing and anxious to cooperate in offering the training required for this great field of enterprise. What is needed now is the effective cooperation of business interests. The young man in an office dealing, perhaps, only to a limited extent in foreign trade, frequently does not realize the great desirability of an adequate training along the lines of the work which he is handling. What he needs is not only a word of encouragement, but continuing help, inducement and urging to study at night or out of office hours. Big men of vision see the necessity of training and are generous in their encouragement. The president of one of our largest concerns, himself much interested in overseas developments, said not long ago that the "rawest products which America sends abroad are not infrequently its own business agents." At the foreign trade convention at Chicago recently, Mr. James A. Farrell, President of the Council, attended the educational meeting one evening in preference to any of the other interesting group sessions and by his presence and statements from the floor distinctly encouraged all those concerned with the educational work.

The Federal Board for Vocational Education, in addition to outlining courses of study and preparing suitable material for student use, stands ready at all times to cooperate with chambers of commerce, groups of business men and educators in organizing worth-while educational work for foreign trade. Such work has already been started in a number of places.

And in this connection I would like to offer a practical suggestion for cooperating training. Why not invite, through the chambers of commerce and the universities located in at least all of our important foreign trade centers, a number of foreign students to come and study part-time and work part-time in our business establishments. This will establish a knowledge of customs, familiarity with the language and people, and a ready sympathy which is hard to obtain otherwise. And let me say that this plan, I understand, will be put into operation this Fall at the University of Washington, where some twenty-five or thirty students from China will study and work in Seattle during the coming year. Needless to say, such an arrangement should not be one-sided, but similar arrangements should be worked out for our American students to go abroad and do likewise.

THE VALUE OF THE CULTURAL ELEMENT IN LATIN AMERICAN TRADE

By DR. W. E. DUNN, ASSISTANT CHIEF, LATIN AMERICAN DIVISION, BUREAU OF FOREIGN AND DOMESTIC COMMERCE.

(Delivered at the Afternoon Session of Friday, June 6)

One of the most serious mistakes that can be made by business men of the United States is that of not taking into consideration what might be called the cultural element in their commercial dealings with Latin America. This element is perhaps of greater importance in transacting business with the countries comprised in that field than is the case with other portions of the world. This is not because Latin Americans are sentimentalists, theorists, or dreamers, for the fact has been brought out many times during this Conference that for integrity, shrewdness, and general business ability they cannot be surpassed by any other peoples on the face of the earth. No, this statement is true because the average business man of our neighboring republics to the southward is greatly interested in the cultural side of life, and appreciates most keenly similar tastes on the part of others.

The business man of a certain type will probably take issue with me, and say that I am not practical. He will say that provided the Latin American merchant gets the goods he wants at the most favorable prices, little will he care whether the seller of those goods knows whether his country was discovered and settled in the sixteenth century or the eighteenth; whether it was a portion of the viceroyalty of New Spain, of Peru, of La Plata, or of New Granada; whether the national hero is Bolivar, San Martin, Artigas, Belgrano, Hidalgo, or some other of the great men who were responsible for the independence of their respective regions. But that is a mistake; these facts are important. Of course, no one can deny that the material side must be predominant in any business transaction, but that does not mean that the finesse of business is not also of great moment. What American business men need in this new age on which we have entered is a broader way of looking at things, a more sympathetic attitude toward foreign peoples—in a word, we need to acquire the international point of view from the ground up. Until we get this larger perspective, we shall continue to be the more or less provincial nation that we have undoubtedly been in the past—a nation absorbed in its own needs, and unappreciative of the psychology of those to whom they must look for aid and cooperation and friendship in the future.

The question now naturally occurs, how are we to acquire this larger perspective, this more intimate understanding and sympathy with our Latin American neighbors? How are we to make of practical value this cultural element to which I have referred? The answer is simple: By making a careful study of the history, political heritage, institutions, culture, and languages of those republics. The syllabus which Dr. MacElwee and Dr. McClintock have just described will furnish a practical instrument and guide for such study, and there are many excellent institutions which offer courses for that purpose. I have yet to meet a man or woman who has made a close study of Latin America who has really become acquainted with Latin American people, who did not cherish a feeling of cordiality, friendly sympathy, and appreciation for them and the countries in which they live. Before the United States can attain to the highest success in trade with Latin America, we must develop this feeling of mutual understanding. We must find some common footing, some mutual ground of interest other than that of trade and barter. We must become real friends, and not content ourselves with remaining mere business acquaintances.

Ask any well-informed Latin American business man what North Americans lack most in order to achieve complete success in their commercial dealings with Latin America, and almost invariably he will reply, the personal touch. And this personal touch, in the sense that they mean it, cannot be obtained satisfactorily until there is some appreciation on the part of our business men of the great heritage of Latin America, and a willingness to accord to those countries their full share of the glory to which the deeds of their forebears, as well as their own achievements and aspirations so justly entitle them.

I would say, then, to the business man who desires to develop to the fullest extent his trade with Latin America, study something more than the technical points connected with your particular line. Endeavor to acquire a cultural background. Make your customers in Latin America your friends in something more than a

business way. We in the Latin American Division of the Bureau of Foreign and Domestic Commerce, fully recognize the necessity for progress along these lines, and our advice to those who are interested in Latin American trade is this: Get the concrete, practical information that is essential for the promotion of your export business, but by all means do not neglect the larger aspects of commerce. If you have the right sort of background the little everyday facts will be easily taken care of, and the blunders which have often been characteristic of our foreign commerce will cease to be perpetrated. Do not ignore the cultural element in Latin American trade

ADMINISTRATIVE DEFECTS IN LANGUAGE TEACHING

BY J. MORENO-LACALLE, ASSISTANT PROFESSOR OF SPANISH, UNITED STATES NAVAL ACADEMY, AND DEAN OF THE SPANISH SCHOOL OF THE MIDDLEBURY COLLEGE SUMMER SESSION.

(Delivered at the Afternoon Session of Friday, June 6)

Mr. Chairman, Ladies and Gentlemen: It is not necessary for me to dwell upon the importance of languages in foreign trade. All of you know that language is the key to the psychology of the people with whom one deals, as proven by the success invariably achieved by the Germans in whatever foreign countries they traded. Certainly while their aims were questionable their means were most effective and more worthy of a better end. No German ever went to a foreign country without previously learning the language, and once in the country he adapted himself—at least apparently—to the customs, habits and tastes of the native.

Speaking of the importance of Spanish to the North American business man, we must not forget that Portuguese is also necessary. I would advocate, especially in the larger cities, the organization of courses of Portuguese along with the Spanish courses. Yesterday Senhor Sampaio, the enterprising Brazilian Consul in St. Louis, brought out the fact that no Brazilian individual or firm would accept a letter written in Spanish.

I am not going to speak to you about the method or technique of teaching languages; that would not be germane to the subjects under discussion. I shall confine my brief remarks to bringing to your attention some deficiencies of a purely administrative nature which seriously hamper the teaching of modern languages in our public schools and actually defeat our aims. I appeal to you because I do not doubt that you can do a great deal to remedy these defects by exerting your influence in your respective communities, and by starting an active and systematic campaign for the purpose of awakening parents and school officials to the realization of the transcendental significance of language study as an essential part of the education of our boys and girls.

The first serious obstacle to effective language teaching is the excessive number of pupils under one teacher—a very common occurrence, in fact the rule, in the larger cities, in many of which the average number of pupils per class varies between thirty and forty. I know of cases where the number of pupils in a room is over sixty, one-half of whom have to stand up throughout the period. Those of you who have had experience with some foreign language or other will agree with me when I say—as all language teachers do—that there is no school subject that requires as much individual attention as language study. In point of individual instruction it is no exaggeration to compare the teaching of languages with the teaching of piano, for instance. Certainly no parent would ever think of letting his child study piano in a class where there were, say, thirty pupils all under one single teacher. He would think it preposterous; but he never stops to consider that in order to learn Spanish or Portuguese, or any other language his child must have the same individual attention that is needed for piano instruction.

The second deficiency, closely related to the first, is the lack of language teachers, the most serious result of which is that of overworking the teacher. Through my summer school for teachers for Spanish I have come in personal contact with hundreds of teachers from all over the country, and I know that a great number have as many as thirty-five hours of teaching per week, and not a few of them have to teach two or three other subjects besides Spanish. To these hours of teaching you must add the hours of office work out of recitation periods re-

quired of most teachers, work such as preparing the lessons, correcting exercises and examinations, keeping records, etc., etc., etc. (and I could, without distorting facts, add two or three more *et ceteras*). But this is not all. There is yet to be added the hours of study and the classes which teachers have to attend in pursuing their post-graduate courses during both winter and summer. Really, no comment is necessary. But, I must say this: that it is evident that some school boards do not regard teachers as human beings. What results can you reasonably expect of even the best and most enthusiastic teachers if they are overworked? How can Spanish be effectively taught if the teaching is done by a teacher, who, through no fault of hers, is fagged and worn out?

Turning now to the third administrative fault, we find that in addition to being overworked, public school teachers are underpaid, even in some of the larger cities. No wonder that many of the language teachers are abandoning the profession for more lucrative fields. Specially in the case of Spanish teachers the situation is really critical. The increase of pupils of Spanish has been so rapid and so large in the last three years that the demand by far exceeds the supply. In many schools no Spanish can be taught because no teachers are to be found. Add to this the fact I have just pointed out—the loss by resignation of many of the best teachers, and you can get an approximate idea of the seriousness of the situation.

The fourth shortcoming, a very vital one, is that the course in languages in most cities—two or three years—is entirely too short. No practical results can be accomplished thus in a subject which requires so much drill. Just compare this with the number of years assigned in some European countries to language study, which varies between six and nine years.

As remedies for these defects I would recommend that:

(1) Language classes in the public schools be limited to a maximum of fifteen pupils; (2) Teachers should not be required to teach more than twenty recitation periods per week (it goes without saying that to achieve the above two aims it is necessary to provide for a larger number of teachers); (3) Higher salaries should be provided along with a systematic scheme of promotion and retirement (pensions); (4) the junior high school system should be adopted in all cities of the United States so that language study may be begun in the grades, two or three years earlier than at present.

It is up to the business men of the country to make parents, taxpayers and school authorities realize that the knowledge of languages, especially Spanish and Portuguese, is a most valuable as well as indispensable element in the educational equipment of our future citizens. When that realization comes the evils I have mentioned will be overcome and then the teaching of languages will be done effectively for commercial as well as for other purposes.

EXCHANGE OF STUDENTS AND PREPARATION FOR LEADERSHIP IN PAN AMERICAN TRADE AND TRADE RELATIONS

By DR. H. E. BARD, SECRETARY, ARGENTINE-AMERICAN CHAMBER OF COMMERCE,
NEW YORK.

(Read at the Afternoon Session of Friday, June 6)

During the last half decade great progress has been made along several of the lines suggested by the topic under discussion.

Students from the other republics have been coming to our colleges and universities in rapidly increasing numbers; a beginning has been made in the exchange of teachers; and in a few cases successful arrangements have been made for the exchange of professors.

One of the most important educational phenomena of the period is the changing attitude in university circles in the United States towards the teaching of Spanish and Portuguese, and the increased demand for these languages in both secondary and higher educational institutions. These languages are generally considered today on a par with other foreign languages, which was by no means the case a few years ago. As a consequence of this there has come also a more satisfactory recognition of credits for studies pursued by Latin American students in home educational institutions.

It is now as easy for a student from one of the other republics to secure entrance in one of our colleges or universities as it is for one of our own students.

The problem of vocational training for commerce in the foreign field has received extraordinary attention during the last three or four years, and much has been accomplished as will have been gathered from what has already been said before this Conference.

But, after all, the greatest and most important achievement, perhaps, of this brief period is widespread public recognition gained for these things. Not so very long ago we listened in vain to hear from leaders in business or university life some word of recognition of the value of Spanish in the field of Pan American commerce, or of the need of thorough vocational training together with adequate cultural preparation. But this recognition now is complete, and there remains only the more interesting problem of constructive work.

There are just two things in connection with the subject that I would wish to emphasize which have not been given all consideration deserved, and these two things might be accomplished in a large measure by a single process.

One of these is the tendency yet too strong to place too exclusive emphasis on what may be regarded as the intermediate phase of vocational training in relation to foreign commerce, and insufficient emphasis on the importance of the broader training which fits for leadership. The other thing is the one-sidedness of the so-called exchange of students. If something could be done to enable a satisfactory number of American students to pursue advanced studies in the universities of some of the other republics this would no doubt greatly encourage the broader preparation requisite for leadership and in itself at the same time contribute effectively towards better understanding and close friendly relations, which is the chief end of Pan Americanism.

While students from the other republics studying in our higher educational institutions are now numbered in the thousands, scarcely a single American student has so far sought to continue his studies in a higher institution of one of the other republics. It is worth-while to seek why this is so.

A too general ignorance of the advantages to be gained is undoubtedly one of the reasons; but not, it is believed, the most immediate and direct obstacle. The cost also stands in the way, and should be overcome to some considerable degree. But, the real explanation lies more especially in our system. It is the all-controlling influence of the higher degrees.

Few American students pursue studies who are not candidates for a higher degree, and it is uniformly expected that the studies pursued will be credited and count towards securing such degree. There are as yet no provisions by which one of our students might pursue studies in a university of Argentina, for instance, and receive credit towards a degree in one of the universities of this country. There is still even a strong feeling against allowing such credits.

If provisions were made in our universities by which candidates for higher degrees might spend one or two years in one or more universities of South America and have their studies credited towards a higher degree here, the same as if pursued in an accepted institution in this country, it is practically certain that many of these candidates would soon be found taking advantage of such provisions.

After spending the first year, or possibly the first two years, of his candidacy for a higher degree in a university here, what better could a student do than to spend one or two years in further study and research in one or more of the more important universities in South America?

After a year of graduate study in one of our universities a student is supposed to have become master of methods of research and to have the subject of his dissertation well in hand. If this subject lies in the field of Pan American commerce or Pan American relations of any other character, and there are many subjects for dissertations in this field, one or two years at one of the universities of South America would be of the greatest possible value, from the point of view of scholarship alone.

But the privilege of living the life of a student at such university centres as there are in South America will be of equal or greater value. Contact as students with the future leaders of Latin American thought and activities; mastery of a foreign language; familiarity with social customs; and some personal

acquaintance with social life of the peoples of the other republics thus gained could not but prove to be assets of inestimable value whatever might be the field of future work of the student.

The influence of our own people of one hundred or more students returning each year from study as regularly matriculated students in such universities as those of Buenos Aires, Santiago and Lima, for example, would be greatly beneficial, and would contribute effectively toward better understanding between our people and the peoples of the other republics.

The opportunities offered for graduate study or research work in the universities of Latin America need to be brought more effectively to the attention of professors and faculties of our universities, provisions as suggested should be promptly made, and students be kept informed relative to these opportunities that they may be encouraged to take due advantage of them.

Work in this direction would, as already suggested, relieve the matter of exchange of students of its onesidedness, and at the same time encourage, as perhaps nothing else could, the broader preparation requisite for service and leadership in Pan American affairs, whether in commerce or other field of interest.

PAN AMERICAN COMMERCE AS A CAREER

By PHILIP L. GREEN, OF NEW YORK.

Mr. President and Gentlemen:—The Second Pan American Commercial Conference is no doubt the most noteworthy event in the history of modern commerce. The facts we learn and the opinions we present here, will cause a true Pan American Union, a union of ideas, a composite commercial opinion of the Western World.

It is no longer a question whether or not we desire Latin American trade. The war has taught us the value of Latin American markets. The question before us, is how to obtain, in normal times, the commercial supremacy so accidentally achieved through abnormal war conditions. A ravished Europe is not necessarily a commercially crippled Europe. Even at the present moment, Europeans are planning for the recovery of Latin American markets. It is therefore a question of comparative efficiency and preparation.

Our Latin American colleagues in this conference are more ably fitted to relate to this gathering, some instances of our comparative inefficiency in soliciting and attending to our export business, for they were the victims thereof. The efficiency standard will, and is, in fact, being elevated, as our merchants and exporters realize that the Latin American market is a precious one. Furthermore, the opening of branch banks in Latin America, under the Federal Reserve Act and its amendments; and the turning over of shipping facilities for export, will make exporting a less expensive proposition for all concerned, thus aiding commercial intercourse with Latin America.

However, we are not seeking orders alone. The world is so large that any firm can obtain orders. We want a permanent, safe business, based on confidence, efficiency and preparation. It is necessary to have a thorough understanding of our business, from the time our salesmen are sent on their missions, up to the time we discount our drafts and receive payment for orders. Among the things we must know, in order to obtain and retain Latin American commerce, are languages, trade conditions, geography, customs, history, laws, traits, commerce, transportation, packing, insurance, shipping and finance.

You see therefore, gentlemen, that Latin American commerce is no easy task. It is a profession; and as such, requires a thorough professional training. It should be made a career, worthy of the name and financially attractive to the well-trained young man. In England, Germany and France, it is not an uncommon thing for a young man to speak several languages, to know Latin American countries as he knows his own, to be thoroughly conversant with international, mercantile and marine law, export practice, geography, customs, laws, government and history of the Latin American countries; and to be thoroughly sympathetic towards Latin Americans in general. In recent years, we too have taken some wonderful steps in this direction.

All American colleges with few exceptions offer courses in Spanish. According to latest information, Portuguese is being taught at Yale, Notre Dame, Boston, Harvard, Cornell, Columbia, Virginia, Wisconsin; and at Simmons College at Boston. Latin American history and cognate subjects are being offered at Virginia, Harvard, Yale, California, Wisconsin, Illinois, Columbia and Pennsylvania. Many of these institutions have their Spanish Clubs, Pan American Societies and Latin American Clubs.

Even in the high schools, progress has been made in Pan American relations. Through the unselfish and high-minded cooperation of the Chairman of the Modern Language Department of the High School of Commerce, of New York City, Dr. Edwin W. Roessler, there was founded two years ago, the first Spanish magazine ever to be published among students of the United States of North America. In the same school, there has been existing for the past eight years, a Spanish Club, under the direction of such men as the ever industrious Mr. Austin E. Spear and Dr. Manuel Barranco, at present Minister of Education in Mexico City. One of the pioneers of education in commercial geography, foreign trade and practical exporting, is Mr. Leslie Brewster Smith, who is at present extending his course to two years. Hundreds of persons could be mentioned who are engaged in the great work of training our future business men.

These courses are very beneficial, but will never make a career out of Pan American commerce or really supply the need for trained men unless they are properly co-ordinated. Such co-ordination could be obtained by organizing a Pan American Student League, to consist of student organizations in every university, high school and college. The object of this organization would be to present in convenient form, the valuable but now rarely used information which is being compiled by existing organizations, to foster a genuine Pan American interest among the students and to organize a propaganda for thorough and uniform preparation for Latin American commerce. This is the only way to make it a career.

It is impossible to obtain \$500,000,000 worth of Latin American business by employing men who have just discovered that they are interested in the subject. The men who take care of this important business, must be carefully trained in their line, in the same way that doctors are trained in medicine or surgery. They must be men who have made it their business to specialize in this newest and greatest of professions.

Of course, not being an educator, I can only present these suggestions from the standpoint of one who has been in the Pan American business long enough to observe that our commerce could be improved greatly by employing thoroughly and uniformly trained men; and it is for this reason that the idea of a Pan American Student League has suggested itself to me as the best means for giving us men who come prepared to battle and win in their chosen career—Pan American Commerce.

REGARDING OPPORTUNITIES FOR YOUNG MEN IN LATIN AMERICA

By WILLIAM A. REID, TRADE ADVISER, PAN AMERICAN UNION.

Whether it is wise or unwise for the young man born and reared in the United States to partially close his eyes to the opportunities within his native land and seek business connections that demand his time over the seas is a question that he alone must settle. Much depends upon circumstances and the inclination of the individual and also whether he goes forth on a special mission of short duration or to make a permanent home. It may be detrimental to the United States if vast numbers of her young men, who in very recent years have imbibed the spirit of unrest, should elect to scatter further to foreign lands for pursuing their life work. On the other hand, "the shuttle of fate has woven us into the web of the world," and there are foreign demands and opportunities today that have not existed in the past.

Probably more citizens of the United States are engaged in trading with the several nations of Latin America than at any former period, and certainly at no other time could so many young Latin American students be found in edu-

cational institutions of this country as is the case at present. If peoples of the Americas have not been introduced, the tendencies of the times are undoubtedly drawing them toward acquaintanceship. With 15-day voyages in prospect from our eastern cities to Buenos Aires and Valparaiso and quicker time to intermediate ports and air services assuming tangible form, the three Americas are certainly in closer personal contact than ever before.

Many young North Americans, however, mistake their closer business relations for specific rather than indirect calls for their services; they appear disappointed when informed that in South or Central America there is only slight demand at present for additional business and professional workers from the United States unless they have capital for investment. The young man fails to remember that the progress of Latin American nations, like all others, has been seriously handicapped and many industries lie dormant or abandoned owing to the effects of the great war; and that abnormal conditions have not yet passed. Furthermore, it should be remembered that most enterprises of Latin America financed by domestic or European capital prefer to give employment largely to natives of the respective countries or to Europeans. These young men are accustomed to work for smaller salaries than men of similar ages and experience readily command in the United States. Again, Europeans more easily adapt themselves to Latin American customs and characteristics than do those from the United States; and they are as a rule better linguists and are also willing to live more economically. Therefore, unless one's desires are merely for experience, it is not advisable to seek a position in Latin America in the service of native firms or European corporations.

One of the best courses for a well qualified man, and the word qualified has a strong bearing on future progress, is to become associated with some United States corporation engaged in Latin American enterprise.

By actual observation we have ascertained that of the hundreds of men who visit or write to the Pan American Union for information relative to securing positions in Latin America, a very small percentage have an idea of the methods of procedure or of the true facts upon which rest the chances of employment. They have in numerous cases been led to believe that it is only necessary to let it be known that their services are available and they will be quickly engaged. Newspaper and magazine articles, often written by those who have never seen the countries of which they speak, have painted glowing, alluring and misleading pictures.

It is quite true that in each one of the twenty Latin American Republics there are good opportunities for the investment of capital, the building of enterprise, the production of food and raiment for the densely populated countries of the world. But the individual with limited means and the corporation admit of no comparison. The latter with unlimited funds is in a position to make its own conditions while the former must accept whatever conditions exist—he cannot change them.

In a large measure one may study his own chances—feel his way, so to speak—by watching the movement of capital. But many young men tell me they cannot keep tab on what our financiers are doing. To be sure, capital often moves mysteriously; but there is power in the press, and press clippings are within the reach of every young man. Spend a few dollars for a hundred clippings bearing on the specific line of work in which you are interested. If you are an engineer seeking employment you may be confident that you will find the name and address of contractors or builders if you peruse carefully the clippings from many papers.

Have you ever considered the fact that numerous banks and other corporations interested in Latin American development publish weekly or monthly journals or house organs? Here again is another medium for keeping in touch with the movement of capital. The house organ tells of the coming and going of its officials and employees, carries their pictures and is more or less a general summary of activities. As typical examples we have the Americas, the Dodge Idea, the Guaranty News, the Grace Log, the "N. C. R.," the DuPont News, and scores of others which anyone may find in first-class libraries or chambers of commerce all over the land. Read them and then get in touch with people who are doing the thing that you would like to do, or are engaged in a line of work for which you are peculiarly fitted.

Read the Daily Commerce Reports of our own government. The United States consular force all over South and Central America has been growing and

improving in recent years. The reports of these officials are highly interesting and instructive and have been of inestimable value to the corporation seeking fields of labor and to the professional and business man who wishes to obtain employment.

Closely allied with official reports are the numerous trade and professional journals scattered over the United States, which chronicle the movement of capital, of exports, imports, and other subjects, which have a bearing on business openings.

During the last five years branches of numerous United States banks—about two score I should say—have been placed in the larger cities of Central and South America and the West Indies. It has been my good fortune to visit about two-thirds of these banking establishments and in each of them I have found a sprinkling of North American banking men. In connection with United States banks in Latin America, no doubt, there will be a gradual demand for additional clerks, Spanish-English stenographers, bookkeepers, accountants, and other employees from this country. In fact, several of these banks are now training young college men for work in banking. The course is partly in college and partly in practical foreign and domestic banking as practiced in the parent establishment. After being fitted, so far as early training is possible, these young men are sent out to different banks in Latin America. Their salaries are at least sufficient for a living or a little more which is about all a beginner could expect. In these establishments we also find a number of natives, who, naturally, will be permanently employed to popularize and give local color to the institutions. Numerous French and English men are also employed in the North American banks. Some of these organizations have employees known as commercial attaches, and as indicated by the name, their duties are somewhat different from those of a strictly banking nature. Exporting and importing are closely associated with some of our new banks in Latin America which field also offers opportunities along lines which we might term contributory services.

According to my observations, the largest and one of the most inviting fields in Latin America is for the traveling salesman and the traveling buyer. We must remember that the twenty nations have products to sell, and these commodities are multitudinous in number. Latin America's foods, rubber, minerals, lumber, medicinal plants, and a hundred and one other raw products are needed in all of the great manufacturing nations and must find larger markets in order to provide their producers with funds to purchase a motor car, a sewing machine, a cash register, a safety razor, a locomotive, an electric cook stove, or in fact, the many modernizing devices that manufacturing nations are placing upon the market. There must be a fair exchange—no one-sided commerce.

A close study of statistical data, which are available to any young man, will show the raw products in detail exported from each Latin American country; on the other hand, such figures also indicate the goods annually imported into each republic and the nation that supplies these needs. So I would say, study statistics to know what is saleable or purchasable in any given nation. It must be understood, of course, that to meet full success the salesman going to Latin America should have at least a speaking knowledge of the Spanish language, and if destined to Brazil, it is wise to know Portuguese.

If one has had no experience in Spanish speaking countries it might be well to first visit Cuba, Porto Rico or some other nearby country where Spanish is used. Try your hand in buying or in selling. This personal contact will be worth more to you than the reading of the best book on salesmanship in existence. The experience, slight as it may have been, will have opened your eyes as to customs, characteristics, habits, business methods, etc., of Spanish speaking people; and the same experience will be found useful in dealing with somewhat similar conditions of other Latin American countries. It will also be useful in attempting to find employment as a sales representative of some United States firm.

A very large number of young men, especially those from our western states, show a decided tendency to embark in stock raising and agriculture in South America. They have read of vast pampas and virgin lands over which the cowboy tends the herd and where the modern tractor is beginning to turn the soil. Indeed, the lure of the pampa is strong; but let it be remembered that in a majority of cases it is the big corporation rather than the individual with limited means that has succeeded there. Operation on a large scale offers much, but small scale development is yet in its infancy in the southern continent. A few United

States corporations, like the one which recently acquired 15 miles or more of land along the Paraguay River, are developing cattle lands and other industries in a vast interior region. From time to time such enterprises have a few vacancies for men suited to their activities or who have a small capital and are willing, let us say for instance, to start the raising of hogs. The latter are needed in connection with the slaughtering and canning industry operated by the company to which we refer. It is this connection or in the service of such corporations, rather than "going it alone," that best opportunities in stock raising seem to exist. Of course if one possesses capital, the outlook is different and conditions altered.

In most Latin American countries the temptations to intemperance are, according to my observation, rather greater than in North America. In smaller cities public amusements are limited; the Latin's hours for sleep begin much later than is customary in the United States, and the hours for commencing the day's labor are correspondingly later. Amusements are prolonged far into the night and at times hilarity is most pronounced. In the gay Paris of South America, Buenos Aires, one sits at the open air cafes along the Avenida de Mayo; during meals everybody drinks domestic or imported wines and liquors. Music is to be heard on every side and business for the time is forgotten. Some can stand this gayety, others cannot.

It is a well known fact that many English-speaking people, if they are not very careful of their habits, deteriorate after some years residence in tropical or semi-tropical countries. Whether this is caused by climatic conditions or from isolation from home and friends I cannot say, but I firmly believe the statement which was first made to me by a successful Englishman who had spent thirty years in the tropics; I have seen the statement verified again and again.

Outside and away from the larger Latin American cities the country is still in the making and railways, mining operations and other large commercial enterprises that are penetrating interior regions are followed by a crowd of laborers and adventurers as well as by the stable man of business, and as the former classes so far exceed the latter in point of number, the rough element in population is very apparent just as it was in our own western development.

It is into the midst of such society that the educated young man comes for the purpose of aiding and directing the trend of commercial and industrial progress, and woe unto him if his character is not sufficiently moulded or is too weak to withstand the temptations that constantly prey upon him. He is away from family and friends, mails from home are few, and his whole environment tends to dissipation.

Such experiences are but crucibles, and often there emerge therefrom young men of character, nerve, strength and ability that challenge the admiration of the man who has never wandered beyond the confines of his state, and who has lived the quiet life where strenuous endeavor and big reward are unknown.

In conclusion, let me suggest to the young man who feels dissatisfied with present prospects in the United States and whose ambition urges him to consider the possibilities of South or Central America or the West Indies as fields of business usefulness, that there are at least three different courses that might be worthy of consideration; and each one is beset with trials and difficulties, as in every walk of life. To engage in business with these nations does not necessarily imply permanent residence away from one's country. To practice electrical engineering in Brazil or Chile, for instance, the engineer is expected to reside near his field of labor; the selling of United States goods in Latin America presupposes *periodical travels* throughout those republics, while the importer of raw products from any or all of these countries may *reside in any part of the United States*. Thus, one may in a measure, choose the line of work best suited to his training and inclination and also decide for himself whether he will travel or maintain a fixed abode at home or abroad.

COMMERCIAL FEATURES OF THE LIBRARY OF THE PAN AMERICAN UNION

By CHARLES E. BABCOCK, ACTING LIBRARIAN, PAN AMERICAN UNION.

For the use of importers and exporters, manufacturers and business men, students, writers, investigators, travellers and all persons interested in Latin America there is, in the Pan American Union, what is considered the most comprehensive special library of Pan Americana in the United States. This collec-

tion is for free consultation, during regular office hours, and every facility for its use is given by the attendants. Special reading tables are provided for study, and such aid in locating required data as needed is given.

Numerically, the collection contains over 40,000 volumes and pamphlets, 1500 maps, 110 atlases, 22,000 photographs, 1500 lantern slides, and receives over 1200 daily, weekly, or monthly periodicals. Its index cards number over 150,000 and are used to answer practically any question which may arise in the study of Pan Americanism from any point of view.

For every American Republic the books include, government reports, laws, treaties, description and travel, history, geography, guide books, directories, commerce, transportation, sociology, literature, education, mining, agriculture, biography, foreign relations. An important feature of each country is the bound daily newspapers, extending in some cases over a period of ten years, bound sets of the daily official newspapers, and sets of magazines issued by government departments, commercial organizations, and of a general character. To keep this collection as nearly complete as possible, the Library is in constant correspondence with the various Embassies and Legations, book dealers, authors, libraries and others throughout all Latin America. The effort has been so successful that in many cases complete collections are on file of the laws, reports, official newspapers, and scientific or literary series.

The delegates to this Conference will appreciate the extent of this collection when I state that it is a daily occurrence for us in the Library to supply satisfactory data to the enquirer who only knows Latin America as a single country or unit and not as twenty individual countries, and desires to locate somewhere for the purpose of engaging in his particular trade, or to supply definite information to the manufacturer seeking for the first time the trade of foreign countries, or to supply material for a book or thesis to the highly trained expert who has spent many years studying and travelling in Latin America.

Practically the entire north side of the building of the Pan American Union is occupied by the Library, its stack room extending for five floors in height in a room $21\frac{1}{2} \times 53$ feet. This room is equipped with the most modern steel stacks and has an estimated capacity of 100,000 volumes.

Owing to the unique organization of the Library it is necessary to maintain a fundamental classification or grouping by countries, and under each country give the usual subject arrangement found in all larger libraries. The scope, within its field, has been extended until each country is completely represented by an individual collection, making in all twenty-one small libraries. The card catalogue conforms to the same arrangement, so that all material is readily available.

A special press clipping bureau is maintained, in which over 10,000 clippings are made annually. These are classified and filed in such a manner as to be of instant use and are a valuable source of present day development. As an illustration, the Library has the day by day story of Mexico as published in daily newspapers from 1912 to date, arranged chronologically, and available for instant reference to anyone interested in that country. Through these clippings can be traced the current news of an industrial or financial enterprise, the development of shipping, or the opinion of prominent Pan Americanists, either North or South, on the affairs of the United States as they relate to some particular country.

During the years of its existence many duplicate publications have been received, and these have been used to maintain an inter-library exchange of duplicates between the Pan American Union and the libraries of South and Central America and the West Indies. This exchange was established in 1912 and 1913 by personal visits and by correspondence with the more important Latin American libraries, until today it includes practically all the larger institutions. It is intended by this means to bring to the American business man books and other material needed in the development of trade, and while it is as yet undeveloped to its largest possibilities it will prove an almost unlimited source for data in the future development of the Library.

In the main reading room are large tables on which are kept the current numbers of commercial and literary magazines and where the current city or telephone directories of each capital city can be consulted. These latter books are an excellent source for names of persons to whom advertising matter may be sent.

To the North American exporter, manufacturer, or merchant, the Library is especially valuable because in it he may consult the laws of the country in which he desires to do business, or ascertain from the latest commercial statistics the amount of the particular goods which a certain country imports, and from which countries it is received; he can obtain from the directories on file the names of persons interested in his special line; he can learn the tariff and customs usages; the shipping facilities; and if directly represented by his own travelling salesman he can find the amount of license fees such as salesmen pay; the hotel charges; the railroad fares; the time required to go from one point to another. In addition, he can be directed to sources of information of a general character; such as guide books and books of description, not essential to business, but so very necessary to a salesman entering a country new to him; and for the home office staff, information on books or manuals on exporting trade can be had, which will assist them in gaining a broader idea of the business and correspondingly extend their usefulness. To emphasize this instruction to the home staff, a limited use of lantern slides is advisable, and for this purpose the Library makes limited loans, under certain restriction of the slides in its possession. The photographic collection affords an excellent opportunity to see certain lines of merchandise in actual use. For instance, a manufacturer of fencing can see fences as erected; the maker of wagons can see pictures of the types desired in specific countries; the lumberman can learn the various styles of mill work used in doors and windows; the foundryman can ascertain the style of window gratings, and so on throughout the various industries. One of the most common expressions heard by visitors to the Library is, "I did not know such data was available."

In closing, you are requested to send in your queries relative to Latin America, either by mail or in person. As a general rule practically any question can be answered from the material at hand, but for the cases where material is not available, or compilations have not been made, we can often point the way for obtaining it at the least expense and with the least delay.

APPENDIX

APPENDIX

PRACTICAL PAN AMERICANISM

BY JOHN BARRETT, DIRECTOR GENERAL OF THE PAN AMERICAN UNION AND FORMER UNITED STATES MINISTER TO ARGENTINA, PANAMA AND COLOMBIA.

(Specially prepared for the information of the United States Delegation at the Peace Conference and reproduced here by general request.)

Pan America—All America—today faces a magnificently potential future. Pan Americanism—the cooperation of all the American republics and peoples for their common good—should appeal to all intelligently patriotic citizens of every American country. What more noble and practical principle is there in international relationship than that of a group of nations of close geographical association, similar inspirations and aspirations of liberty, freedom and justice; corresponding historical struggles for existence, interdependent commerce and trade should do all in their power for their own welfare and through united attitude for the welfare of the world?

Pan Americanism has experienced a remarkable development during the last ten years. The next ten, however, should show a far greater record of achievement. The Pan American movement dates back directly to the call of the famous Liberator Simon Bolivar of northern South America for a Pan American Congress in 1821 at Panama. It was most eloquently championed by Henry Clay in and out of the United States Congress nearly one hundred years ago. Its basic purpose was in the minds and words of San Martin of Argentina, O'Higgins of Chile, Artigas of Uruguay, when southern South America was striving for independence from Spain a century back. It received its greatest impetus from the declaration of President Monroe of the United States in 1823.

It had its ups and downs of attention, discussion and action in the various capitals of the Americas for nearly seventy years until the so-called First Pan American Conference met at Washington in the winter of 1889-90 under the distinguished chairmanship of James G. Blaine, then Secretary of State of the United States, and attended by the ablest statesmen of the other American governments. The chief practical result of this Conference was the organization of the "International Bureau of the American Republics," now known as the "Pan American Union." That office did its work as best it could with limited income, staff and facilities until it was reorganized in 1907 in accordance with the action of the Third Pan American Conference held at Rio de Janeiro, Brazil, in 1906. This conference was rendered notable by the presence at its opening of Elihu Root, then Secretary of State of the United States, who made an official visit to most of the South American countries, and of equally prominent representatives of all other nations.

As it was my unexpected privilege and honor to be elected in 1907 the first executive officer of the Pan American Union under the plan of reorganization and to have held that position since then, I hope that I may be able to speak with some actual knowledge of the growth of real Pan Americanism and especially Pan American commerce in the period of my incumbency. As, moreover, I enjoyed the experience of serving as United States Minister to the Argentine Republic, Panama, and Colombia between 1903 and 1907 and attending the Second Pan American Conference at Mexico in 1901 as a delegate of the United States, I trust that I know the Latin American as well as United States viewpoint of practical Pan Americanism.

May I, therefore, say plainly and unreservedly that I have always held that no conception or interpretation of Pan Americanism could stand which suggests or expects in the slightest degree the domination or isolated leadership of any one country or any lesser group of countries in the general group which today form the Pan American Union. While a few enemies of the United States in Latin America try to interpret Pan Americanism as camouflaged "Pan Yankeeism" and my own humble efforts as a Pan American officer in behalf of the cause as a special agent of the United States, let me put it down as a matter of indisputable record that under my administration the Pan American Union, as far as the attitude and interest of its staff, the tone of its publications, and the character of the general

information, correspondence and publicity work are concerned, has been tireless, loyal and responsible in spreading all over the world accurate data regarding each and every American republic.

That the attitude and efforts of the Pan American Union are appreciated and respected in Latin America by all familiar with its real work is proved by the increasing demand for its publications, by the constant use by ninety per cent of all the newspapers of Latin America (usually without acknowledgment because they naturally hold that the Pan American Union belongs to them and hence its data is theirs) of the material it publishes or distributes, and by the correspondence and inquiries of all classes of men and women from the Rio Grande to the Straits of Magellan. Seekers after information in all parts of the world address it as the chief central bureau of information where reliable answers to inquiries about every imaginable subject concerning any American country can be obtained without delay.* As for the people of the United States being dependent upon it, emphasis should be placed on the fact that every day brings numerous letters from manufacturers and students, merchants and travelers, shippers and authors, bankers and lawyers, statesmen and laborers, aside from those who personally consult its well selected library of 40,000 volumes and pamphlets, its 150,000 subject index cards, its 21,000 photographs, its 1,500 maps, and its files of 1,300 Latin American newspapers, magazines and other publications.

Some of the very tangible evidences of growth during the last twelve years of interest throughout the United States in Latin America, which the Pan American Union has aided and of which it has record, can be enumerated. Twelve years ago any effort of its executive officers in speeches, articles, or public comment to call attention to the importance of Latin American countries, progress, and subjects, met with slight response; now the demand for such effort is greater than can be met. Then such effort was often misconstrued and even ridiculed as only an advertisement of the office and its staff; now it is everywhere taken seriously. Then the newspapers cared little or nothing for data and press releases regarding Latin America; now nearly two thousand representative papers ask for it. Then few magazines and reviews printed articles about Latin America; now the majority seek them. Then very few colleges and almost no secondary educational institutions had courses relating to Latin America and the Spanish and Portuguese languages; now nearly all universities, colleges and high educational institutions teach Spanish, many have regular Latin American courses, and a few teach Portuguese, while several thousand secondary schools give instruction in Spanish. Then not ten per cent of the United States Congressmen called upon the Pan American Union for information and reports; now ninety per cent do. Then not twenty per cent of the manufacturers, merchants and bankers doing, or interested in, foreign trade sought information regarding the Latin American field; now eighty per cent seek all the information they can get and sixty per cent are making or preparing to make a campaign in Latin America. Then, to be very practical, the annual exports and imports of the United States to and from Latin America were valued in round numbers at respectively \$217,000,000 and \$272,000,000, or a grand total of \$489,000,000; now in figures stand at respectively \$1,024,000,000 and \$719,000,000, or a grand total of \$1,743,000,000. Then the trade of all Latin America with all the world did not much exceed \$1,500,000,000; now it approaches the mark of \$3,000,000,000.

Surely in the light of the above data it cannot be said that the Pan American Union has labored in vain or been an ornamental rather than a useful organization.*

Lest what has just been written should be construed as giving too much credit to the Pan American Union and not enough to other influences, it is right to point out some of the more powerful agencies of legitimate Pan American propaganda which have responded to the initiative of the Pan American Union. First corresponding Ministries of the Latin American countries; second, the personal attention to the subject of Secretaries of State of the United States and of the Latin American diplomatic representatives in Washington, who form the Governing Board of the Pan American Union; third, the diplomatic and consular representatives and the commercial agents of the United States in Latin America and the same service of Latin America in the United States; fourth, the regular Pan American or International Conferences of American States, the Pan American Scientific Congresses, the Pan American Financial Conferences and the International High Com-

* In this connection please see report of the Director General for the fiscal year 1917-1918, page 394, Appendix.

mission; fifth, the special consideration of the Latin American commercial field given by the United States Chamber of Commerce, the National Foreign Trade Council and other unofficial commercial organizations, and the hospitality shown prominent Latin Americans by the Pan American Society of the United States (of which I am proud to say I have the honor of being the Founder); sixth, the cooperation of the Carnegie Endowment, especially through its Pan American Section; seventh, the establishment of branch banks and agencies in the principal centers of South America by financial institutions of the United States; eighth, the new attitude and attention of the newspapers, magazines and reviews of both North and South America in Pan American matters; ninth, the tolerant and appreciative articles and addresses of representative Latin American statesmen and scholars relating to the United States, its people and its cultural and intellectual life and similar treatment of Latin America by influential men of the United States; tenth, the addresses and messages referring to Pan American and Latin American matters of Presidents Roosevelt, Taft and Wilson and responsive utterances of the Presidents of Latin America.

Finally, no other great international influence since the declaration of the Monroe Doctrine in 1823 has done so much to promote Pan American solidarity of sentiment as the recent war. Proof of this statement lies in the fact that thirteen Latin American governments officially broke relations with the enemy of the United States; nine officially declared war; only seven remained technically neutral, and their popular sympathy, judging from the attitude of the majority of their press, the expressed views of their representative statesmen, and their friendly commercial cooperation was plainly pro American and pro Ally.

The material and economic bearing upon both Pan Americanism and Inter Americanism of the past, present and future commerce between the United States and all Latin America and again between the United States and each Latin American country demands today the best attention of the official, financial, commercial and industrial leaders of all the American countries. The simple statement of the remarkable and almost astonishing fact that the total value of the trade conducted between the United States and the twenty other American republics for the fiscal year of 1917-18, that is, from July 1, 1917, to June 30, 1918, showed the enormous increase of nearly \$1,000,000,000 over the total of 1913-14, the last year before the war, or in a period of only four years, demonstrates beyond issue the vast importance of the Pan American field of commerce. In other terms the United States exports to, and imports from, Latin America grew in round figures from \$747,000,000 four years ago to \$1,743,000,000 for the last year. The official records tell the story that nothing equal to this trade expansion has heretofore been known in the history of the world—and yet numerous critics of my Pan American policy twelve years ago declared that the value of the United States trade with Latin America would not reach a thousand millions in a thousand years!

Now let us analyze these figures more closely. Noting first the exports of the United States to Latin America, we find that they leaped from approximately \$280,000,000 in 1913-14 to \$719,000,000 in 1917-18, or 157 per cent; that imports from Latin America jumped from \$468,000,000 in 1913-14 to \$1,024,000,000 in 1917-18, or 119 per cent; and that the grand total of exports and imports already given advanced 133 per cent. The reports for individual countries are equally impressive. United States trade with Chile grew in the same period from \$43,000,000 to \$205,000,000 or 376 per cent; Argentina, from \$90,000,000 to \$305,000,000, or 240 per cent; Cuba, from \$200,000,000 to \$500,000,000, or 150 per cent; Mexico, from \$132,000,000 to \$248,000,000, or 88 per cent; Brazil, from \$131,000,000 to \$180,000,000, or 37 per cent; Peru, from \$20,000,000 to \$64,000,000, or 220 per cent; Uruguay, from \$13,000,000 to \$41,000,000, or 215 per cent; Colombia, from \$23,000,000 to \$37,000,000, or 60 per cent; Dominican Republic, from \$9,000,000 to \$24,000,000, or 166 per cent; Guatemala, from \$8,000,000 to \$14,000,000, or 75 per cent; Salvador, from \$3,000,000 to \$10,000,000, or 233 per cent; Honduras, from \$8,000,000 to \$10,000,000, or 25 per cent; Nicaragua, from \$4,000,000 to \$9,000,000, or 125 per cent; Costa Rica, from \$7,000,000 to \$10,000,000, or 43 per cent; Panama, from \$27,000,000 to \$32,000,000, or 18 per cent; Haiti, from \$6,000,000 to \$13,000,000, or 116 per cent; Bolivia, from \$1,000,000 to \$4,000,000 or 300 per cent; Ecuador, from \$7,000,000 to \$16,000,000, or 129 per cent; Paraguay, from \$240,000 to \$740,000, or 208 per cent; Venezuela, from \$15,000,000 to \$21,000,000, or 40 per cent.

The figures given emphasize the vast possibilities of Pan American commerce but they must not be misleading. The exceptional and extraordinary growth

is due to many causes. Of these the principal are as follows: First, the supplanting largely by the United States of the total trade of the Central European Allies, especially Germany's; second, the caring by the United States for that portion of the trade of Great Britain, France, Italy and Belgium, for which they themselves under war conditions could not possibly provide, and also for that part of the commerce of Holland, Spain, Norway and Sweden, and other neutrals which they also lost under war environment; third, the heavy war demands for raw industrial and food products from the United States and also from the Allies as expressed through the United States as purchaser and manufacturer; fourth, the greatly increased demands upon the United States from Latin America for all such manufactured products and supplies as it formerly obtained from other countries; fifth, the greater efforts and better facilities which the manufacturers, exporters, importers and bankers of the United States had made and developed in the five years before the war broke out to care for the Latin American field; sixth, the increased cost of nearly everything exported and imported and the lessened purchasing value of the dollar; and, seventh, the better knowledge in Latin America of United States supply and demand.

Without minimizing the first four influences but enlarging upon the last two just given, let me quote from an illuminating paper recently prepared by W. C. Wells, Chief Statistician of the Pan American Union. He says: "America (meaning Pan America) is coming to know itself. No part thereof need longer consider itself as an appendage, culturally, industrially or commercially of any part of Europe. The European trade with America will revive after the war. No one doubts that fact, but it will never occupy the predominating position in the public mind that in half at least of Latin America it did occupy before the war. Even in the comparatively few Latin American countries where in reality the European trade before the war was the great predominating trade, the Inter American trade had a volume and an importance by no means justly recognized."

At this point let us dispose of one of the most common errors committed by men of both North and South America in commenting upon or describing the foreign commerce of Central and South America, namely, that Germany at the outbreak of the war was far ahead of the United States in its share of Latin America's imports and exports and that German manufacturers, exporters, importers, shippers, and bankers were everywhere outdistancing and outgenerating their rivals of the United States. The indisputable facts are to the contrary. The official statistics of Germany, of the United States, and of the Latin American countries, show that the United States during the last six or seven years before the war began, or between 1907 and 1914, was more surely and rapidly increasing its Latin American trade than was Germany. The total value of the exports and imports exchanged between the United States and Latin America in 1913-14, the last prior war fiscal year, exceeded those exchanged between Germany and Latin America by over \$200,000,000! In fifteen of the twenty Latin American countries, United States trade in both exports and imports was ahead of that of Germany and in the other five it was growing more rapidly than that of Germany! Why then all this talk about the mighty danger of German competition? It is largely due to remembrance of conditions of ten and twelve years ago which many of us pointed out in appeals to manufacturers and governments, in order to arouse them—but without general appreciation that these appeals met response, that the commercial and financial interests of the United States had awakened, and that when the first shot of the world war was fired, the foreign trade and financial interests of the United States and their new and old friends in Latin America, suddenly realized that, war or no war, the representative business leaders of both North and South America had made up their minds that Pan American or Inter American (whatever it be termed) commerce could take care of itself without regard to Germany. For this development the importers and buyers, the exporters and sellers, the bankers and financial leaders of Latin America deserve just as much credit as, or more than, their friends and associates of the United States, because they told the latter what they must do to meet successfully German competition and announced that they did not buy from or sell to Germany for sentimental but for purely material reasons; if the business interests of the United States could satisfy them as well as those of Germany, they were perfectly willing to buy from and sell to them.

Despite the prejudices of war, I am saying nothing against German trade but simply relating facts. German trade is entitled to all it can justly get and

let the best man win. If the commerce of the United States with Latin America cannot stand the competition with that of Germany which will follow the war, it does not deserve to succeed. Simply let it be known that the United States must not be frightened by prospect of German competition, but it must realize that it is eventually coming and that adequate preparations must be made to meet it. Competition is also coming as never before in a friendly but earnest way from Great Britain, France, Holland, Spain, Italy, Belgium, Japan and even China. Each of these countries is going to do its part to share adequately in Latin American commerce—and Latin America is not going to play favorites after the war except to favor the sellers and buyers of the country that will give it the most for its money and products. This is sensible, natural and logical.

We come now to the big question of what the United States Government, its commercial and financial interests, its average exporter and importer, and its people generally, as the case may be, must do to meet successfully the post-bellum economic and commercial conditions in Latin America.

1. The opportunity must be approached in a spirit of appreciation of each country's conditions of buying and selling, of credits and banking, of port, shipping, tariff, patent and trade-mark regulations, and of laws of commerce and foreign trade intercourse.

2. Reciprocity of attitude and action both by governments and individuals must be always kept in mind, such as will expect as much of the North American as of the South American and the reverse thereof.

3. Abundant shipping facilities and space and competitive rates, for ships will be a determining factor in the after-the-war trade. The passenger and mail facilities must equal those of freight and express. This condition must apply to both East and West Coasts of North and South America, and to those of the Gulf of Mexico and Central America and of the Caribbean and northern South America as well.

4. The great progress that has been made in United States banking facilities in the principal capitals and commercial centers of Latin America must be continued and still further improved, for such extension and improvement are absolutely essential.

5. Despite the overwhelming demands made upon the banks and people of the United States for Liberty Bonds and War Savings Stamps during the war and the call that is going up from all over the United States for money for local enterprises after the war, its financial institutions and moneyed interests must be ready to loan freely and generously to the governments and legitimate undertakings of Latin America, which will require hundreds of million of dollars for reconstruction and advancement. For every million of dollars loaned to Latin America there will be an increase of an equal amount of trade. Corollary to this is the vital necessity of the early stabilizing and equalizing of exchange which was badly upset by war conditions.

6. As soon as possible after final peace comes, the Fifth International Conference of American States, commonly known as the Pan American Conference, which was to have met in Santiago, Chile, should be called to consider important Pan American and Inter American questions, while the Second Pan American Financial Conference to be convened in January, 1920, will accomplish great good.

7. It is of the highest importance that every firm, agency, or man planning to enter the Latin American field, should study it in every detail, visit it if possible, master conditions of demand and supply, and establish agencies and connections.

8. On the other hand, for their own good and for the benefit of Latin American exporters to, and importers from, the United States, it is to be hoped that they will make a corresponding study of conditions in the United States and establish themselves directly or indirectly in New York, Boston, New Orleans, Chicago and San Francisco, or elsewhere, in order that they may gain the same advantage for their interests and countries as do their northern neighbors in going south.

9. Among other influences which will greatly aid Pan American and Inter American intercourse and commerce are (a) the systematized and practical study in appropriate institutions throughout the United States of the Latin American languages, Latin American geography, resources, history, commerce, and customs and similar studies relating to the United States in Latin America; (b) judicious advertising in the representative newspapers of both North and South America;

(c) preparations with special care of catalogues in Spanish and Portuguese and avoidance of common mistakes in this respect; (d) improved insurance conditions, and better packing where packages must pass through the tropics or travel over rough trails in mountain districts; (e) development of the parcel post and fast express for smaller and quickly needed articles; (f) establishment of aviation routes for mails and possibly for passengers and urgent express; (g) construction and improvement of automobile roads in the interior of Latin American countries, especially where railway building is expensive and difficult; (h) extension of cable routes, lessening of cable rates, and use of wireless telegraph; (i) uniform laws for samples and traveling salesmen; (j) better hotel facilities in the majority of Latin American commercial centers; (k) the development of travel for better acquaintance and first hand knowledge; (l) and the sending out of high class representatives with a knowledge of the languages used.

REPORT OF THE DIRECTOR GENERAL OF THE PAN AMERICAN UNION

SUMMARIZED STATEMENT TO THE GOVERNING BOARD OF THE PAN AMERICAN UNION
PREPARED BY JOHN BARRETT, DIRECTOR GENERAL

*Covering His Report on the Administration of the Office for the Fiscal Year
1917-18 and the Program for the Year 1919-20.*

To the Governing Board of the Pan American Union:

Gentlemen: The Director General has the honor to submit herewith, in accordance with the Rules and Regulations, the following report:

General Statement.

(a) The past fiscal year from July 1, 1917, to June 30, 1918, has, under the influence of the war, been a peculiar but very busy one for the Pan American Union. The demand for information not only from individuals but from official sources has been unremitting, despite the war, and of a character requiring exceptional effort and oftentimes most careful and extended research. It is no exaggeration, if conclusion can be drawn from the written and spoken comment of those in authority, that, if it had not been for the carefully indexed library and information files and the ready knowledge possessed by the trained experts of the Pan American Union, nearly every department and bureau of the United States and other governments, desiring without delay accurate data regarding the various American republics, would have been greatly handicapped in starting, organizing and conducting work involving Pan American relations resulting from the war.

Not a day has passed that there have not been in the library or other offices of the Pan American Union skilled men and women of departments and bureaus of the United States and other government agencies here, seeking reliable information. The heads of all special war bureaus in Washington, which have anything to do with other American countries, have repeatedly informed the Director General that they were most dependent on information secured and for impartial assistance rendered. Especially have the facilities and staff of the Pan American Union been helpful in correcting errors of fact and in providing accurate information based on the official reports of all American governments.

From exporting and importing houses, manufacturers and merchants, bankers and financiers, on the one hand, and from universities and secondary schools, college professors and students, editors and special writers, lecturers and travelers, on the other hand, of both North and South America, have come in constantly increasing quantities, serious inquiries of every kind, requiring thorough consideration and frequently special research before they could be satisfactorily answered. Then there has been a rapidly growing army of specially interested callers, representing every variety of private and public, national and international activity, seeking all classes of information relating to Pan America.

It is also remarkable to what degree the members of the special foreign missions in Washington have used the facilities of the Pan American Union to obtain the data they desired regarding the American republics. On one day, for

example, representatives of eleven European and Asiatic countries were consulting its library, the files of the information section, the official gazettes and the newspapers, according to what knowledge they sought. Some days the offices of the Pan American Union have looked as if they were the designated common meeting place of so-called "dollar a year men," having to do with international trade relations, shipping, etc., who came here in search of official information which they could not secure easily and quickly elsewhere, or without long delays and red tape.

By avoiding all prejudicial comment and hewing close to the line of truth in giving facts, the staff of the Pan American Union have thus done a far-reaching and valuable service for practical Pan Americanism.

Very impressive has been the demand on the Pan American Union of newspapers and other publications throughout Latin America for information that they could use in their columns. The same thing is true of letters being received in Spanish, Portuguese and French as well as English.

The fact is that as year after year passes the Pan American Union strengthens its unique position and adds to its world-wide reputation as a central international Pan American bureau of reliable, easily accessible and rapidly given information, and also as an office of useful, practical, impartial, and unselfish activities in behalf of the welfare of every American republic.

(b) THE MAIL ROOM REPORT is conclusive evidence of the busy year led by the Pan American Union. This shows that the total incoming and outgoing mail for the three hundred odd working days of the year reached the immense total of 471,034 pieces, which, in turn, represented an increase of 71,932 pieces over the grand total for the preceding year. This means a daily average of approximately 1,570 pieces. The number of incoming and outgoing personally signed letters, not including circular letters but those requiring personal attention or acknowledgement, was 55,413, a steady daily average of 185. Circular letters sent out numbered 40,575; press releases 71,800. There were mailed out 269,104 packages carrying 671,208 individual pieces of printed matter, or a daily average of 2,237 pieces. None of these was sent carelessly broadcast but the great majority of them went in response to special requests and to the regular mailing list. 2,730 newspapers, upon their own request, are upon the regular mailing list of the Pan American Union to receive its reports, descriptive pamphlets, press releases, etc. These are divided as follows: English, 1,207; Spanish, 917; Portuguese, 366; French, 29; miscellaneous, 211.

Particular credit should be given the mail room clerk and his assistants for the skillful and effective manner in which they handled this large volume of business.

Members of the Governing Board seldom visit the mail room, as it is in the basement, but the Director General respectfully submits that it is worthy of their attention and interest if they can conveniently find a few spare moments to inspect it.

(c) THE MONTHLY BULLETIN has steadily grown in popularity and usefulness, if a safe conclusion can be drawn from the demand for it. Despite severe restrictions on white paper, greater cost of both printing and paper, and the cutting of the free list, the total number of names receiving the Bulletin has grown from 13,437 in 1916-17 to 16,719 in 1917-18, or a bona fide increase of 3,282. The total number of Bulletins distributed for the year was 181,416, divided as follows: Spanish 111,180; English, 40,764; Portuguese, 17,112; French, 12,360.

It can here be said that if the Pan American Union had the funds and facilities to care for a large circulation of the Bulletin it could undoubtedly be increased in a short period to 100,000 per month or even more, and rank with such a magazine as that of the National Geographic Society.

Every effort is now being made, consistent with conditions for obtaining material and under the limitations of cost of production, to follow the wishes of the Governing Board in shaping the character and the scope of the monthly Bulletin. If there are shortcomings, they are almost unavoidable under the circumstances. The earnest cooperation, advice and sympathy of every member of the Board is desired in making it worthy of the organization. The editorial staff of the Bulletin has certainly worked diligently to maintain a high standard and it is a pleasure for the Director General to give them credit for their efforts.

(d) OTHER PUBLICATIONS, including the general descriptive pamphlets, commercial data for each country, and special reports and articles on various subjects, printed and distributed throughout the year, reached a total of 248,431, and

would have gone far beyond this figure had printing and cost difficulties not increased as rapidly as the demand for such material. This represents an increase of 75,540 over the preceding year.

(e) THE COLUMBUS MEMORIAL LIBRARY experienced a healthy growth and exercised a more practical usefulness than ever before. The demands upon it have sorely taxed the efforts of the Acting Librarian and his assistants, but they have done the best possible under the circumstances and made it a center of research for all kinds of official and unofficial investigators and students. Additional stacks are now being placed in position to meet the increasing requirements of space. The report of the Acting Librarian gives the following interesting figures, each of which represents a substantial increase over the preceding year: Number of volumes and pamphlets, 39,810; catalogue and index cards, 149,517; maps, 1,475; atlases, 110; lantern slides, 1,377; photographic negatives, 3,374; actual accessible photographs, 21,037. The library regularly received 1,204 representative periodicals from the different countries, whose information, like that of books, pamphlets and reports, is duly catalogued, indexed and made accessible.

(f) THE EDUCATIONAL SECTION has been carefully looked after and extended by the Assistant Director, who has prepared a separate and special report on this subject, which is in the hands of the printer and will be presented at the next meeting.

(g) THE STATISTICAL SECTION has been kept exceptionally busy, aside from the regular demands of the Pan American Union, by the numerous and constant requests for reliable statistical data made upon it as already indicated, not only by the War Trade Board, the War Industries Board, the Shipping Board, the Food Administration, and the Bureau of Foreign and Domestic Commerce of the United States Government, but by similar agencies and offices of other American and foreign governments. In each case the information given has been that compiled from official sources of the American republics.

(h) THE BUILDINGS AND GROUNDS have been maintained in harmony with their striking beauty, and in as good condition as could be expected in the face of serious difficulties of poor and expensive labor, high cost of materials, bad coal, smoke and soot from the furnaces of the surrounding cordon of war buildings and dirt and dust from the tearing up of streets and new construction. A serious problem in the present and future budgets will be that of keeping in proper condition the exquisite buildings and carefully laid out grounds which represent an actual investment of \$1,100,000 but which could not be duplicated now for double that sum. During the last eighteen months of the war period the Pan American Building has been the only notable official structure in Washington open absolutely without any restrictions to visitors. That this privilege has been appreciated is proved by the throngs of persons who pass its portals and study its meaning, its exhibits, its facilities and its architecture. It might be said that every government of the Pan American Union might appreciate the opportunity, so to speak, of capitalizing this daily attendance of interested representative visitors, unequalled anywhere else in the world, by providing additional and special exhibits, maps, photographs, and moving pictures as often urged heretofore by the Director General. In this connection it is to be hoped that the beautiful Hall of the Americas will be utilized this winter for appropriate lectures and exhibits of pictures covering each country. Assuredly the necessary latent talent exists in and out of the Board, with appreciative audiences only awaiting the summons to attend.

Receipts and Expenditures, 1917-18.

The receipts and expenditures for the fiscal year of July 1, 1917—June 30, 1918, were respectively \$158,281.48 and \$156,388.40. (See note at end of report.)

Future Work of the Office.

Looking forward to the after-the-war period, it can be seen that the Pan American Union will face extraordinary demands upon its facilities. The present daily correspondence, the character of inquiries and the word of numerous persons who call at the office, leave no doubt upon this point. If the Pan American Union has made good in the past by serving all the American republics—and all the world in fact—it will have far greater activity and responsibility in the immediate future.

There is much constructive work ahead of it in which it must not fail. It must also take and tie up again many of the threads of practical Pan Americanism which were broken by the war. Under this latter head comes the vital question of holding the Fifth Pan American Conference which was to have met in Santiago, Chile, in 1914, but was postponed on account of the war. The date for this gathering will probably be determined after peace is declared, and then a new program will have to be framed.

Plans will also naturally be brought forward for the Third Pan American Scientific Congress which will be held in Lima in 1920.

Already there are possibilities of a second Pan American Financial Conference being called. Although this is under the International High Commission, the Pan American Union, as in the case of the first Conference, will be asked to cooperate.*

Among many opportunities of extending the office responsibilities of the Pan American Union are the following: (1) providing for daily or frequent illustrated lectures in the building on the countries of the Union, as practical educational work among not only those specially interested but the throng of regular daily visitors; (2) special lectures or conferences in the Hall of the Americas, given by members of the Governing Board or others whom they may designate; (3) the giving by its staff or others recommended by it of informative lectures and addresses throughout the countries of the Union, especially before universities, learned societies, and commercial and social organizations; (4) extension in the building of actual exhibits of the products and resources of the different countries, because the Pan American Building is the most appropriate place for such exhibits; (5) improvement of the monthly Bulletin in every way practical, so that its present great usefulness and popularity may be extended and perfected; (6) enlargement of the scope and work of the Educational Section so that it may become a powerful factor in promoting educational and intellectual exchange; (7) as corollary to the above, the popularizing of the study of the Spanish, Portuguese and English languages, respectively, according to countries, and their literature, and the study of Pan American history and progress among both the higher and secondary institutions of all the Americas; (8) development of the Columbus Memorial Library through the cooperation of the governments and members of the Board, so that it may become more than ever a central point of depositing and obtaining accurate information; (9) extension of the statistical and information sections by a more comprehensive plan for the publication of special reports that will promote, not only material, commercial and financial relations, but closer intellectual and social ties.

The above are only part of the program of the Director General, the Assistant Director and the staff of the Pan American Union, but they are respectfully submitted to the Governing Board for their interest and consideration, because they can only be carried out by their sincere and constant cooperation. Any suggestion, moreover, for the good of the Pan American Union which may be made by members of the Board are most heartily welcomed by the executive officers.

In conclusion, the Director General desires to acknowledge with gratitude the kind interest, advice and assistance which he has always received from members of the Board, and he respectfully invites a continuance of such generous attitude during the coming year. He wishes also to thank especially the able, sympathetic and wise-counselling Assistant Director, the hard-working Chief Clerk, the conservative and responsible Chief Accountant, and all the other members of the staff who have done their best to make the Pan American Union an organization and institution of practical usefulness to every American republic and to all the world.

NOTE—An itemized statement of all expenditures and receipts for the past fiscal year, 1917-18, and of estimated expenditures and receipts for the next fiscal year, 1919-20, was included in the original complete report and duly approved by the Governing Board.

* Since this was written, it has been officially announced that President Wilson has issued the invitations to the Latin American for the Second Pan American Financial Conference to be held in Washington in January, 1920.

LATIN AMERICAN FOREIGN TRADE—1913-1917—A COMPARATIVE SURVEY

Specially Prepared for the Second Pan American Commercial Conference

BY MATILDA PHILLIPS, ASSISTANT STATISTICIAN, PAN AMERICAN UNION.

The foreign trade of the twenty Latin American Republics for the calendar year 1917, compiled from the latest reports of the statistical offices of the several countries, and expressed in customs valuations converted into United States currency, amounted to \$3,281,003,645. This is the highest figure ever attained and represents an increase over 1913, the former high water mark, of \$400,280,627.

Comparing the year 1917 with the last full year before the war (1913), there was a decrease in all Latin American imports of 10.38 per cent. and an increase in exports of 34.55 per cent.

In the northern group of countries, comprising Mexico, Guatemala, Salvador, Honduras, Nicaragua, Costa Rica, Panama, Cuba, Dominican Republic, and Haiti, there was an increase in both exports and imports, 97.54 per cent. in the former, and 57.66 per cent. in the latter. In the southern group—Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay and Venezuela—there was a decrease of 30.91 per cent. in imports and an increase of 22.14 per cent. in exports, as shown by the following tables:

All Latin America.

| | Imports. | Exports. | Total. |
|----------------|----------------------------|-----------------|-----------------|
| 1917 | \$1,188,953,129 | \$2,092,050,516 | \$3,281,003,645 |
| 1913 | 1,326,639,783 | 1,554,083,235 | 2,880,723,018 |
| Increase | \$137,686,654 ¹ | \$537,967,281 | \$400,280,627 |
| Per cent. | 10.38 ¹ | 34.55 | 13.89 |

Latin Republics of North America.

| | Imports. | Exports. | Total. |
|----------------|---------------|---------------|-----------------|
| 1917 | \$483,972,903 | \$667,753,198 | \$1,151,726,101 |
| 1913 | 306,331,362 | 388,017,904 | 694,349,266 |
| Increase | \$177,641,541 | \$279,735,294 | \$457,376,835 |
| Per cent. | 57.66 | 97.54 | 65.87 |

South American Republics.

| | Imports. | Exports. | Total. |
|----------------|--------------------|-----------------|-------------------|
| 1917 | \$704,980,226 | \$1,424,297,318 | \$2,129,277,544 |
| 1913 | \$1,020,308,421 | 1,166,065,331 | 2,186,373,752 |
| Increase | \$315,328,195 | \$258,231,987 | \$57,096,208 |
| Per cent. | 30.91 ¹ | 22.14 | 2.61 ¹ |

¹ Decrease.

In per cent. of the whole, the imports from the United States into Latin America represent 58.80 in 1917, as opposed to 24.69 in 1913. The proportion of the United Kingdom in 1913 was 27.70 per cent.; in 1917 it was 19.01 per cent. France fell from 8.65 per cent. to 4.11 per cent. Germany, with 18.34 per cent. in 1913, disappeared, and Spain, with 3.80 per cent., has taken her place.

Of the total Latin American exports, the United States increased her trade in 1917 over that of 1913 by 121.70 per cent.; the United Kingdom by 28.24 per cent.; France by 28.69 per cent. and, as in the case of imports, Germany disappeared, her place being taken by Spain with 1.85 per cent.

The statistical tables forming a part of this survey give the total imports and exports of Latin America for the years 1913 and 1917, and the share of the leading countries participating therein.

CHARACTER OF IMPORTS AND EXPORTS.

Imports.

Latin American imports are in general of the same character as the imports of western European countries and of the United States, except that they do not comprehend any large proportion of raw material for use in manufacturing. The great bulk of the imports, other than foodstuffs, are articles of a high degree of manufacture, finished for consumption. Outside of commodities not so included, the chief are lumber, gold, mineral oils, iron and steel construction material, flour, canned goods, and some unwrought iron, steel, copper, and other metals. Of the manufactured articles not food, which comprise the bulk of the imports, the range is very large, covering practically all the finished manufactured products known in Europe or in the United States—textiles, leather manufactures, furniture, household utensils, office appliances, tools, hardware, machinery, especially the lighter kind, agricultural implements, mining supplies and tools, engines, motors, glassware, telephonic, telegraphic, and other electrical apparatus and material, and paper. Edible oils, canned vegetables, meats and fish, sweets and jams, edible pastes, spices and condiments, and wines and liquors, comprise the chief import of the more highly manufactured food products. In countries not producing the same, there are imports of sugar, tobacco and fruits.

There is a remarkable uniformity in the imports of all the 20 countries. As a general rule what can be sold in Cuba or Mexico can also be sold in Argentina or Chile.

Exports.

On the contrary, Latin American exports, while in general falling in one class, i.e., raw materials for use in manufacturing, primary food products, and metals, yet owing to the great differences of soil, climate, rainfall, and other natural conditions, proximity or remoteness to markets, and development of transportation systems, are widely differentiated in the several countries. With the exception of Argentina, Uruguay, and Chile, food exports in general are tropical or subtropical products, such as coffee, cane sugar and cacao. The food exports of the three countries—Argentina, Uruguay, and Chile—are, however, of the same character as the food exports of the United States—meats and grain.

The principal exports of the 20 countries are as follows:

- Mexico.—Gold, silver, antimony, mercury, copper, lead, zinc, mineral oils, sisal, hides and skins. There are some exports of rubber, woods, peas and beans.
- Guatemala.—Coffee, hides, woods, bananas.
- Salvador.—Coffee, silver, gold, indigo, sugar.
- Honduras.—Gold, silver, bananas.
- Nicaragua.—Coffee, woods, rubber, sugar.
- Costa Rica.—Coffee, bananas, gold, silver.
- Panama.—Bananas, ivory nuts, coconuts, rubber.
- Cuba.—Sugar, molasses, distillates, tobacco, iron and copper ore, woods, fruits, hides and skins.
- Dominican Republic.—Sugar, cacao, tobacco, coffee, bananas, hides.
- Haiti.—Coffee, cacao, honey, cotton, cotton seed, logwood.
- Argentina.—Frozen beef and mutton; hides, wool, sheepskins, goat skins, bristles, canned meats, beef scrap, tallow, butter, grease, bones, wheat flour, corn, linseed, oats, hay, bran, quebracho.
- Bolivia.—Tin, silver, bismuth, copper, rubber, coco, wolframite.
- Brazil.—Coffee, rubber, hides, yerba mate, cacao, tobacco, skins, sugar, gold, manganese, cotton, cotton seed, beef, bran, monazite sand.
- Chile.—Nitrate of soda, copper, silver, fruits and grains, hides, wool, fur skins.
- Colombia.—Coffee, bananas, tobacco, ivory nuts, rubber, cacao.
- Ecuador.—Cacao, ivory nuts, rubber, coffee, gold, hides.
- Paraguay.—Hides, quebracho, yerba mate, tobacco, fruits.
- Peru.—Copper, vanadium, wolframite, rubber, sugar, cotton, wool, guano, hides.
- Uruguay.—Wool, hides, beef, tallow, hair, wheat, flour.
- Venezuela.—Coffee, cacao, rubber, hides, goatskins, gold, meats, copper, sugar.

LATIN AMERICAN TRADE—1913-1917. A COMPARISON. DISTRIBUTION OF EXPORTS.

Latin American Exports to Leading Commercial Countries.

| COUNTRIES | TOTAL TO ALL COUNTRIES ¹ | | UNITED KINGDOM | | GERMANY ¹ | | FRANCE | | UNITED STATES | |
|---------------------------|-------------------------------------|----------------------------|----------------------|---------------------------|----------------------|-------|---------------|--------------------------|---------------|----------------------------|
| | 1913 | 1917 | 1913 | 1917 | 1913 | 1917 | 1913 | 1917 | 1913 | 1917 |
| Mexico | \$150,202,808 | \$210,000,000 ² | \$15,578,592 | \$30,000,000 ² | \$8,219,009 | ..... | \$3,575,509 | \$3,000,000 ² | \$116,017,854 | \$140,000,000 ² |
| Guatemala | 14,449,926 | 7,809,732 | 1,800,029 | 55,000 ² | 7,683,557 | ..... | 21,268 | ..... | 3,923,354 | 7,600,000 ² |
| Salvador | 9,925,724 | 16,719,166 | 7,005,367 | 269,688 | 1,699,694 | ..... | 2,080,346 | 3,492,441 | 2,823,851 | 10,042,771 |
| Honduras | 3,300,204 | 8,030,177 | 13,467 | ..... | 1,776,112 | ..... | 5,008 | ..... | 7,679,281 | 7,679,281 |
| Nicaragua | 7,712,047 | 5,976,256 | 995,504 | ..... | 1,887,696 | ..... | 1,763,187 | 488,363 | 2,722,356 | 6,092,469 |
| Costa Rica | 10,482,563 | 11,882,156 | 4,364,436 | 2,496,191 | 509,804 | ..... | 96,665 | 31,886 | 5,119,295 | 5,119,295 |
| Panama | 5,833,027 | 6,524,176 | 65,024 | 7,712 | 216,959 | ..... | 15,776 | ..... | 4,801,608 | 6,627,913 |
| Cuba | 164,823,059 | 366,771,945 | 18,427,168 | 79,563,756 | 4,707,548 | ..... | 1,684,548 | 11,616,680 | 131,788,619 | 267,373,113 |
| Dominican Republic | 49,997,947 | 22,440,580 | 241,810 | 2,066,424 | 2,068,384 | ..... | 887,907 | 293,690 | 17,946,787 | 17,946,787 |
| Haiti | 11,315,559 | 13,000,000 ² | 890,000 ² | 1,000,000 ² | ..... | ..... | 5,000,000 | 4,200,000 ² | 1,000,000 | 4,000,000 ² |
| North American Republics | \$388,017,904 | \$667,753,198 | \$42,789,622 | \$107,611,134 | \$31,338,745 | ..... | \$15,080,214 | \$28,143,123 | \$276,839,773 | \$463,381,629 |
| Per cent of Exports | ..... | ..... | 11.02 | 16.11 | 8.06 | ..... | 3.88 | 3.46 | 71.34 | 69.39 |
| Per cent of Increase | ..... | 97.54 | ..... | 151.48 | ..... | ..... | ..... | 53.45 | ..... | 67.38 |
| Argentina | \$468,999,410 | \$833,664,948 | \$116,766,777 | \$156,021,608 | \$56,178,368 | ..... | \$36,586,981 | \$70,392,154 | \$22,207,965 | \$156,432,641 |
| Bolivia | 36,551,390 | 61,521,741 | 29,548,088 | 35,225,550 | 3,109,768 | ..... | 1,783,017 | 1,672,630 | 218,195 | 22,193,030 |
| Brazil | 315,164,687 | 499,932,423 | 41,701,815 | 86,676,906 | 34,392,410 | ..... | 38,685,561 | 40,214,302 | 102,562,923 | 134,131,363 |
| Chile | 144,653,312 | 259,985,495 | 55,548,341 | 56,388,870 | 70,772,743 | ..... | 8,847,885 | 11,657,554 | 30,413,386 | 156,006,108 |
| Colombia | 34,315,800 | 40,631,330 | 5,666,000 | 700,000 ² | 3,216,200 | ..... | 797,900 | 450,000 ² | 18,861,800 | 30,000,000 ² |
| Ecuador | 15,789,367 | 16,309,197 | 1,620,092 | 109,023 | 2,627,353 | ..... | 5,382,352 | 1,447,040 | 3,833,728 | 12,772,005 |
| Paraguay | 5,462,001 | 11,363,562 | 158 | 58,953 | 1,198,685 | ..... | 33,068 | 311,928 | ..... | 358,911 |
| Peru | 44,409,610 | 90,606,997 | 16,539,110 | 18,432,770 | 2,966,884 | ..... | 1,566,495 | 425,065 | 14,741,689 | 53,180,103 |
| Uruguay | 71,235,965 | 96,216,925 | 7,979,000 | 19,358,161 | 13,887,701 | ..... | 12,380,753 | 16,180,680 | 2,880,071 | 26,218,746 |
| Venezuela | 29,483,789 | 29,164,702 | 2,207,738 | 1,143,004 | 5,563,768 | ..... | 9,988,044 | 2,863,364 | 8,475,531 | 12,792,584 |
| South American Republics | \$1,166,065,331 | \$1,424,297,318 | \$277,467,119 | \$303,114,645 | \$163,913,870 | ..... | \$116,052,056 | \$145,615,217 | \$204,195,238 | \$603,085,486 |
| Per cent of Exports | ..... | ..... | 23.79 | 21.28 | 14.05 | ..... | 9.95 | 10.22 | 17.51 | 42.34 |
| Per cent of Increase | ..... | 22.14 | ..... | 9.24 | ..... | ..... | ..... | 25.47 | ..... | 195.34 |
| Total of the 20 Republics | \$1,554,083,235 | \$25,092,050,516 | \$320,256,741 | \$410,725,779 | \$195,252,615 | ..... | \$131,132,270 | \$168,757,340 | \$481,085,011 | \$1,066,467,115 |
| Per cent of Exports | ..... | ..... | 20.61 | 19.63 | 12.56 | ..... | 8.43 | 8.06 | 30.95 | 50.98 |
| Per cent of Increase | ..... | 34.55 | ..... | 28.24 | ..... | ..... | ..... | 28.69 | ..... | 121.70 |

¹ German trade disappeared in 1915.

² Estimate.

³ Decrease.

LATIN AMERICAN TRADE—1913-1917. A COMPARISON. DISTRIBUTION OF IMPORTS.

Latin American Imports from Leading Commercial Countries.

| COUNTRIES | TOTAL FROM ALL COUNTRIES | | UNITED KINGDOM | | GERMANY ¹ | | FRANCE | | UNITED STATES | |
|----------------------------|--------------------------|----------------------------|----------------|--------------------------|----------------------|-------|---------------|--------------------------|---------------|----------------------------|
| | 1913 | 1917 | 1913 | 1917 | 1913 | 1917 | 1913 | 1917 | 1913 | 1917 |
| Mexico | \$97,886,169 | \$142,000,000 ² | \$12,950,047 | \$7,000,000 ² | \$12,610,385 | ..... | \$9,168,978 | \$2,000,000 ² | \$48,643,778 | \$115,000,000 ² |
| Guatemala | 10,062,328 | 8,991,573 | 1,650,387 | 1,000,000 ² | 2,043,329 | ..... | 402,025 | 160,000 ² | 5,063,060 | 7,200,000 ² |
| Salvador | 6,173,546 | 6,796,812 | 1,603,846 | 1,680,349 | 713,865 | ..... | 418,111 | 310,150 | 2,491,146 | 4,260,372 |
| Honduras | 5,132,678 | 6,283,182 | 712,760 | 120,000 ² | 568,327 | ..... | 148,280 | 50,000 ² | 3,437,074 | 5,618,000 |
| Nicaragua | 5,770,006 | 6,393,068 | 1,150,611 | 818,614 | 619,213 | ..... | 400,776 | 249,859 | 3,244,008 | 5,171,468 |
| Costa Rica | 8,778,497 | 5,595,240 | 1,308,187 | 706,257 | 1,356,217 | ..... | 391,661 | 137,973 | 4,516,871 | 3,887,603 |
| Panama | 11,397,000 | 9,223,170 | 2,466,431 | 888,365 | 1,078,167 | ..... | 336,816 | 103,840 | 6,378,702 | 7,063,819 |
| Cuba | 143,758,736 | 271,279,814 | 16,071,787 | 15,377,099 | 9,473,543 | ..... | 9,202,720 | 6,289,418 | 75,937,526 | 205,104,233 |
| Dominican Republic | 9,272,278 | 17,400,064 | 780,191 | 603,111 | 1,677,853 | ..... | 274,318 | 190,580 | 57,699,061 | 14,320,351 |
| Haiti | 8,100,125 | 10,000,000 ² | 593,819 | 700,000 ² | 536,544 ² | ..... | 817,335 | 500,000 ² | 5,908,956 | 7,500,000 ² |
| North American Republics.. | \$306,331,362 | \$483,972,903 | \$39,231,556 | \$28,893,795 | \$30,665,613 | ..... | \$21,561,040 | \$9,991,320 | \$161,429,181 | \$375,125,346 |
| Per cent of Imports.... | ..... | ..... | 12.80 | 5.96 | 10.01 | ..... | 7.03 | 2.06 | 52.69 | 77.50 |
| Per cent of Increase.... | ..... | 57.66 | ..... | 26.35 ³ | ..... | ..... | ..... | 63.66 ³ | ..... | 132.31 |
| Argentina | \$408,711,966 | \$178,933,037 | \$126,959,989 | \$39,056,403 | \$69,172,279 | ..... | \$36,933,587 | \$10,637,830 | \$60,171,867 | \$64,989,021 |
| Bolivia | 21,357,505 | 13,057,524 | 4,329,659 | 1,583,821 | 7,885,682 | ..... | 802,684 | 286,400 | 1,577,200 | 4,355,285 |
| Brazil | 326,428,509 | 214,450,915 | 79,881,018 | 38,618,706 | 57,043,754 | ..... | 31,989,752 | 8,568,961 | 51,289,682 | 101,091,945 |
| Chile | 120,274,001 | 129,603,115 | 36,109,211 | 23,565,591 | 29,578,138 | ..... | 6,823,264 | 5,152,005 | 20,089,158 | 63,534,755 |
| Colombia | 28,535,800 | 23,333,836 | 5,837,400 | 7,000,000 ² | 4,012,100 | ..... | 4,408,600 | 500,000 ² | 7,629,500 | 14,500,000 |
| Ecuador | 8,836,689 | 10,176,887 | 2,617,926 | 2,459,624 | 1,563,129 | ..... | 434,740 | 324,510 | 2,817,754 | 5,932,066 |
| Paraguay | 7,876,897 | 8,902,123 | 2,954,312 | 2,609,346 | 2,176,606 | ..... | 520,985 | 40,000 | 473,678 | 1,515,604 |
| Peru | 29,591,451 | 65,623,856 | 7,769,225 | 9,402,477 | 5,132,039 | ..... | 1,863,191 | 1,094,909 | 8,590,595 | 42,732,571 |
| Uruguay | 50,666,000 | 38,700,720 | 12,624,870 | 6,054,393 | 8,076,714 | ..... | 4,238,518 | 1,423,274 | 6,636,669 | 11,009,259 |
| Venezuela | 15,030,103 | 22,186,223 | 4,296,295 | 3,684,582 | 2,586,966 | ..... | 1,093,566 | 949,771 | 6,944,136 | 15,661,807 |
| South American Republics. | \$1,020,308,421 | \$704,980,226 | \$282,679,895 | \$134,005,043 | \$187,177,377 | ..... | \$88,358,907 | \$28,983,661 | \$166,160,169 | \$325,222,313 |
| Per cent of Imports.... | ..... | ..... | 27.70 | 19.01 | 13.34 | ..... | 8.65 | 4.11 | 16.28 | 46.12 |
| Per cent of Increase.... | ..... | 30.91 ³ | ..... | 52.59 ³ | ..... | ..... | ..... | 67.16 ³ | ..... | 95.73 |
| Total of the 20 Republics | \$1,326,639,783 | \$1,188,963,129 | \$321,911,451 | \$162,898,838 | \$217,842,990 | ..... | \$109,920,347 | \$38,974,981 | \$327,589,350 | \$700,347,659 |
| Per cent of Imports.... | ..... | ..... | 24.26 | 13.69 | 16.42 | ..... | 8.28 | 3.27 | 24.69 | 58.89 |
| Per cent of Increase.... | ..... | 10.38 ³ | ..... | 55.61 ³ | ..... | ..... | ..... | 64.54 ³ | ..... | 113.78 |

¹ German trade disappeared in 1915.

² Estimate.

³ Decrease.

IMPORTANT TRAVEL AND TRADE ROUTES IN SOUTH AMERICA

BY ANNIE S. PECK, F. R. G. S., AUTHOR OF "THE SOUTH AMERICAN TOUR,"
A DESCRIPTIVE GUIDE.

The well-defined routes of trade and travel in South America may and should be thoroughly understood by commercial men, although at the moment the means of communication between the two continents are somewhat irregular, and wholly inadequate, while the plans for their development are hardly yet crystallized. There is no doubt, however, that within a few months, the accommodation for tourist and business travel and for freight transportation will be sufficient for present requirements. Information in regard to the increased facilities will then be easily secured. These will naturally be arranged to suit existing conditions in South America which are not likely to vary much within the next two or three years, so far as railways are concerned. The various steamship lines serving the several coasts will be mentioned in connection with each.

The routes of travel for a business man on a tour of investigation are much the same as for a pleasure tourist. Both wish to visit the largest cities and to patronize the best hotels. Those of the East and West coasts are adequately described in the book "The South American Tour." The North coast by tourist and salesman is ordinarily visited on a separate trip in connection with Central America and the West Indies. It may, however, be included with the tour of South America by connections made at Trinidad or Barbados at Panama or Buenaventura.

For one planning to visit the chief cities only, the way is simple. Unless business reasons imperatively demand an immediate visit to the East Coast, it is far better to take the West Coast first. The slight inconveniences of travel there will be less noticeable than if returning a little fatigued, and when comparison is made with the luxuries of the East Coast. For such a tour one sails in general from New York, New Orleans, or San Francisco to the Isthmus of Panama, there transferring to one of the West Coast steamers, unless indeed one has journeyed from New York by the new United States and Pacific Line which now has a single steamer in service making the voyage from New York to Valparaiso in eighteen days. This service will be fortnightly as soon as the other ships of the company are returned by the United States Government. These are new ships of ten thousand tons each, with all modern requirements, making the voyage in several days less time than any of the other steamers. This may at times be the quickest way to reach Buenos Aires, as the rail journey across from Valparaiso requires but forty-eight hours. It is rumored that the Pacific Steam Navigation Company may later inaugurate a similar through service from New York to Valparaiso.

Service from New York to the Isthmus is now carried on by the United Fruit Company with weekly sailings, and by the Panama Steamship Company also generally with a weekly steamer. The United Fruit Company expects to resume its former service of three weekly sailings from New York and three from New Orleans as soon as its ships are released from the United States service. There is now one weekly sailing from New Orleans as from New York to Cristobal. The Royal Mail will probably resume its former service before long.

The service on the West Coast is given by three lines: the Pacific Steam Navigation Company, the Peruvian and the Chilean Lines. The first has a fortnightly service to Valparaiso and one every ten or twelve days to Colombian and Ecuadorian ports. The other two have weekly sailings on Mondays from Cristobal; the first to Peruvian ports only, Paita, Etén, Pacasmayo, Salaverry, Callao, Pisco and Mollendo; the last to the same ports in Peru, except Pisco, and in Chile calling at Arica, Iquique, Antofagasta, Coquimbo, Valparaiso, Talcahuano and Lota. The Pacific Steamship Navigation Company visits about the same ports.

Many commercial men will find it sufficient for their business to establish an agency in the capital or chief port of the several Republics, from which point the goods will be distributed by the local agent to desirable localities. Making a trip with this idea the first call below Panama will be at Guayaquil or Callao. The former city is the important distributing point for Ecuador, but care must be taken to learn whether there is a quarantine against the place in Peru or Panama, according to the direction in which one is going, as the delay thus involved may be annoying.

In Peru, Callao, or preferably Lima, eight miles distant, will serve as a distributing point for the entire country; but one visiting La Paz may well place another agency in the South at Arequipa. The route via Mollendo is altogether the best way to go up to the table land, this being an important reason for taking the West Coast first. It is desirable to begin Bolivia at the capital, La Paz, rather than at the South, and the upward journey from Mollendo is both safer and more comfortable. It is well known that under similar conditions otherwise, one suffers from *soroche* or mountain sickness more at night than in the day time. Also a gradual ascent to a great altitude is less likely to be dangerous or unpleasant than one made rapidly. Going up from Mollendo one must spend at least one night at Arequipa, altitude 7,500 feet. One having business will remain a few days. The journey made by day will then be much easier over the pass, 4,666 feet down to Lake Titicaca 12,500 feet. The single night in a stateroom on the steamer is far more agreeable than the two nights in a sleeping car coming up from Antofagasta, when almost everyone suffers from headache the second night.

After visiting La Paz, one may safely descend in a single night to Arica or go south to Antofagasta, if wishing to make calls in Bolivia on the way.

In Chile, Valparaíso, the port, or Santiago, the capital, four hours by rail, or both may serve as trade centres for the Republic.

The rail journey to Buenos Aires is comfortable and pleasant, the highest point on the Trans-Andine, 10,486 feet passed by day, occasioning no inconvenience to the person in ordinary condition. Buenos Aires may serve as a centre for the whole of Argentina and for Paraguay and Uruguay as well; but Montevideo is so near and on the way that it is better to pause there and have a centre for Uruguay even though that country is small.

In case of a snow blockade on the Trans-Andine Railway, there are two other routes, one by boat through the Straits of Magellan, a voyage of twelve days from Valparaíso, the other from Bolivia. The latter would involve a return by sea to Antofagasta, a 24-hour journey by rail to Uyuni, thence southeast to Atocha. From the rail terminus at that point an automobile covers the distance to the end of the Argentina line, by which one may be transported in 48 hours to Buenos Aires. This break in the rail connection ought to be speedily filled, while more sheds on the Trans-Andine, let us hope, will make service on that road possible without interruption.

Brazil, however, needs more than one centre. Rio de Janeiro is of course the chief, but Manaus is a journey of three weeks from the capital; and Pará, at the mouth of the Amazon is therefore a desirable centre for North Brazil, while Porto Alegre may serve for the south.

The steamship lines now serving the East Coast are the Lamport and Holt, the Lloyd Brasileiro, and the Booth. The first, having lost three ships in the War, now maintains only a monthly service to Buenos Aires, calling also at Montevideo, Santos, Rio and Bahia. Other boats, running to Brazil only, provide thus a fortnightly service as far as Rio. These boats are now planning also a call at Pará.

The Lloyd Brasileiro has now monthly sailings, with calls at Barbados, Pará Ceará, Pernambuco, Bahia and Rio. The company has other lines serving both South and North Brazil, including the Amazon River. The service may be increased later.

The Booth Line gives weekly service to Pará and Manaus on the Amazon, and to the coast cities of São Luiz in the state of Maranhão, Fortaleza in Ceará, Cabadello in Parahyba, Pernambuco in that state and to Maceió in Alagoas. It has a monthly service farther up the Amazon to Iquitos, Peru.

On the north coast Venezuela is served by the Red "D" Line only, from New York; and Colombia by the United Fruit. Other lines, however, British, French, Dutch or Italian help out, making connection at Trinidad for La Guaira in Venezuela or at Curaçao. La Guaira, the port of Caracas, is served weekly by the Red "D" Line, which calls at the more western cities, Puerto Cabello and Maracaibo, once in two weeks. A visit to Caracas only will suffice for some and in Colombia calls at Baranquilla and Cartagena.

It is expected that a frequent service to Rio and Buenos Aires with large government built passenger and freight steamers will soon be inaugurated by a well-known line. There are many lines of freight steamers now running to the various ports which need not be enumerated.

Salesmen desiring to canvass the territory more thoroughly may visit to advantage many other cities. Of one should begin with Venezuela, after a call at Caracas, he may proceed by rail to Valencia, the second city, population 60,000, and from there to Puerto Cabello, population 14,000. A visit to Maracaibo should follow, a city of 50,000. At the Island of Curaçao connection may be made for Colombian ports. Most important are Colombia and Cartagena, both of which have rail connection with Barranquilla, Cartagena itself being important as a commercial centre. Sixty per cent of the commerce of the country passes through Barranquilla. One should ascend the Magdalena River with rail connection to Bogotá. Side trips to Bucaramanga and Medellín may be found profitable. A hardy traveler or tourist may cross the mountain ranges to the pretty city of Cúcuta, thence descending by rail to the port of Buenaventura. From here one would take a Pacific Steamship Navigation steamer, which would permit of a call at Esmeraldas in Northern Ecuador and at Manta farther south. From Guayaquil one goes by rail to the capital Quito, and from Sibambe on the return one may diverge from the railway to go on horseback to Cuenca, the third city of Ecuador.

In Peru it is well to pause at Paíta for the short railway journey to Piura and Catacaos, Paíta being third in importance of Peruvian ports. One may also call at Trujillo, a few miles from Salaverry, an important city of a rich sugar district as Piura of a cotton section. It is desirable for some to go up from Lima by the famous Oroya Railway, and a branch line, to Cerro de Pasco, the famous copper city, altitude 4,300 feet. The other ports of call, Etén and Pacasmayo at the north and Pisco at the south may be visited if one has ample time. On the way to Bolivia from Arequipa a side trip by rail from Juliaca to Cuzco may be of advantage.

After La Paz in Bolivia, calls may be made on the way south at the garden city, Cochabamba, and the mining city, Potosí, reached by branches from the main line, and Oruro may be visited without turning aside. Thus one reaches the sea at Antofagasta. Coming down from La Paz to Arica, besides the call at this port one has the opportunity also of visiting Iquique, famous for nitrates, as is Antofagasta, two hundred miles farther. Taltal, just beyond, is important, and Coquimbo, the port of the considerable city, La Serena.

South of Santiago and Valparaíso are several cities of consequence all easily reached by rail and also by boat and rail. Talca is one of these, its port Constitución, and farther south in the interior is Chillán, a large trading centre. Concepción, the third city of Chile, should not be neglected. It is connected by rail with the port Talcahuano and with Lota, as well as with the Longitudinal Railway, which extends from the far north to Puerto Monto at the south. If one has the time to spare, a steamer may be taken at Lota for Punta Arenas, a thriving centre of trade, and so come around to Argentina, calling at Bahía Blanca on the way to Buenos Aires.

Argentina is well served by railways and Bahía Blanca is an important centre for the more southern district, besides having a better natural harbor than Buenos Aires. Other cities in Argentina very desirable to visit are of course Rosario, the Chicago of the country, Mendoza in the west which will be on the way for one coming by the Trans-Andine. Northwest by way of Rosario, the cities of Santa Fé, Córdoba, and Tucumán may be visited. Nearer to Buenos Aires is La Plata.

Asunción is of course the distributing point of Paraguay, now reached by rail or by river. The river may be ascended farther to Villa Concepción, or to Corumbá in Brazil. Returning by rail from Asunción, calls at Villa Rica and Villa Encarnación may be worth while. In Argentina there are many more larger cities which may be included in a thorough canvas.

In Uruguay besides Montevideo, Paysandú, Fray Bentos, and Salta may all be visited by rail. One may prefer, too, the all-rail route to São Paulo, now that the service is improved, branches leading from the main line to Rio Grande do Sul and Porto Alegre as well as to Curitiba and Paranaguá.

Santos and São Paulo, the latter the third city in South America, are most important for tourist and business man. Several cities in Minas Geraes may be visited by rail from Rio, as well as São Paulo. Coming north, if omitting smaller ports, Bahía must not be neglected, and the various ports of call of the Booth Line above mentioned may be worth while for some. Pernambuco is of special importance, still more Pará which for the majority will suffice without the nine hundred miles up the Amazon to Manaus, or the 2,300 to Iquitos.

SIX HUNDRED

**COMMERCIAL ORGANIZATIONS, BUSINESS HOUSES, FIRMS, STATES OF THE
UNITED STATES AND OTHER ORGANIZATIONS REPRESENTED AT
THE SECOND PAN AMERICAN COMMERCIAL CONFER-
ENCE, WITH NAMES OF REPRESENTATIVES.**

| | | |
|---|----------------------|-----------------------|
| Adams, Lovell, Burlingham, Inc..... | New York City..... | William Burlingham. |
| Advanced Agricultural Pub. Co., The..... | New York City..... | Walter A. Johnson. |
| Aerial Age | New York City..... | Douglas Wardrop. |
| Aero Club of America..... | New York City..... | Augustus Post. |
| Affiliated Lecture Bureaus | Jackson, Mo. | Rev. M. D. Collins. |
| Aircraft Advertising Agency, Inc., The..... | New York City..... | Granville A. Pollock. |
| Ajax Rubber Co., Inc..... | New York City..... | A. R. Gormully. |
| Alabama, State of..... | Anniston, Ala. | J. B. Carrington. |
| Aldao, Campos & Gil..... | New York City..... | Enrique Gil. |
| Alexander Hamilton Institute | New York City..... | R. P. Falkner, Ph. D. |
| | | W. F. Hickernell. |
| | | Jeremiah W. Jenks. |
| All America Cables..... | Washington, D. C.... | R. J. Hewitt. |
| | | William J. O'Brien. |
| | New York City..... | John J. O'Donnell. |
| All Americas Publishing Co..... | New York City..... | D. Havelock Fisher. |
| Allied Export Association..... | New York City..... | Louis Henry. |
| | Chicago, Ill. | |
| Allied Foreign Trade Corporation..... | New York City..... | J. de Jara Almonte. |
| Allied Machinery Company of America..... | New York City..... | S. T. Henry. |
| | | Bernardo Prichard. |
| American Aniline Products, Inc..... | New York City..... | Paul Nobbe. |
| American Asiatic Association..... | New York City..... | Louis D. Froelick. |
| American Assn. for Int. Conciliation..... | New York City..... | Peter H. Goldsmith. |
| American Association of Engineers.... | Washington, D. C.... | Edgar L. Howard. |
| American Automobile Association..... | Washington, D. C.... | J. E. Pennybacker. |
| American Bankers Association..... | New York City..... | William F. Collins. |
| | | F. E. Farnsworth. |
| American Bank Note Co..... | New York City..... | Joseph Claudet. |
| | | F. W. Gullett. |
| American Cane Growers Association.... | New Orleans, La.... | J. C. LeBourgeois. |
| American Crayon Co., The..... | New York City..... | W. Henderson. |
| American Exporter | New York City..... | Franklin Johnston. |
| American Express Company..... | New York City..... | F. O. French. |
| | | A. B. Howard. |
| American Flexible Bolt Co..... | New York City..... | R. W. Benson. |
| Amer. Inst. of Weights and Measures.... | New York City..... | F. A. Halsey. |
| American International Corporation.... | New York City..... | M. D. Carrel. |
| | | Fred Morris Dearing. |
| | | C. S. Gardner. |
| | | Philip W. Henry. |
| | Brooklyn, N. Y.... | J. C. Luitweiler. |
| American, La France Fire Engine Co.... | New York City..... | Calvin A. Jones. |
| American Locomotive Sales Corp..... | New York City..... | Charles M. Muchnic. |
| American Machinery Syndicate, Inc.... | New York City..... | Henry S. Moos. |
| American Medical Association..... | Chicago, Ill. | Aristides A. Moll. |
| American Metal Co., Ltd. | New York City..... | Henry Bruère. |
| | | H. K. Hochschild. |
| American Metric Association..... | New York City..... | H. Richards, Jr. |
| American Milk Products Corp..... | New York City..... | Clarence S. Stevens. |
| American Multigraph Sales Co..... | Washington, D. C.... | J. Arthur Finnigan. |
| American Paper and Pulp Association.... | New York City..... | L. B. Steward. |
| American Red Cross, Insular and Foreign Division | Honolulu, Hawaii .. | Robbins B. Anderson. |
| American Steel Export Co..... | New York City..... | Edward W. Ames. |
| | | F. H. Tackaberry. |

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| American Sugar Refining Co., The..... | New York City..... | Judson Lounsbury. |
| American Surety Co. of New York.... | New York City..... | Jarvis W. Mason. |
| American Surety Co., Wash. Branch... | Washington, D. C.... | L. Bert Nye. |
| American University | Washington, D. C.... | Frank W. Collier. |
| Amsinck & Co., Inc., G..... | New York City..... | Camilo Carrizosa. C. A. Seoane. |
| Andrews & Co., Inc., D. C..... | New York City..... | George W. Bankell. |
| Anglo South American Bank, Ltd..... | New York City..... | Fred. C. Harding. |
| Appalachian Corp., Inc., of Louisiana.. | New Orleans, La.... | Louis B. Magid. |
| Argentina-American Chamber of Commerce, Inc. | New York City..... | Harry Erwin Bard. Ridgefield, Conn. |
| Argentine Republic, Chamber of Com- merce of the United States of America in the | New York City..... | M. D. Carrel. Buenos Aires, Arg.... |
| Argentine Industrial & Financial Corp.. | New York City..... | Arthur Wolfsohn. |
| Armstrong Cork Co. | Washington, D. C.... | Conrad H. Young. |
| Artadi & Co., G. | New York City..... | Henry Hirtler. |
| Art and Archaeology..... | Washington, D. C.... | Mitchell Carroll. |
| Assn. of Limb Manufacturers..... | Washington, D. C.... | H. B. Hanger. |
| Assn. National Advertisers | New York City..... | John Sullivan. |
| Associated Press, The..... | Washington, D. C.... | F. B. Noyes. R. M. Whitney. |
| Atkins & Co., Inc., E. C..... | Indianapolis, Ind. ... | Adolfo Dugué. |
| Atlantic Refining Co., The..... | Philadelphia, Pa. ... | Carl Vogel. |
| Atlas Commerce Corp..... | New York City..... | A. E. Holt. O. D. O'Neill. |
| Austin Baldwin & Co., Inc..... | New York City..... | Simeon Shepard. |
| Auto Accessories Co. | Washington, D. C.... | Miss Eva K. Fisher. Lauren M. Smith. |
| Automobile Topics | Washington, D. C.... | Walter F. Eberhardt. |
| Aviation and Aircraft Journal..... | New York City..... | L. D. Gardner. |
| Babson's Statistical Organization..... | Wellesley Hills, Mass. | George A. Sanborn. |
| Baldwin Locomotive Works | Philadelphia, Pa. | C. H. Crawford. Reeves K. Johnson. |
| Baltimore American | Washington, D. C.... | Louis Garthe. |
| Baltimore, City of | Baltimore, Md. | Tunstall Smith. |
| Baltimore Export and Import Board of Trade of | Baltimore, Md. | Austin McLanahan. |
| Banco Mercantil Americano de Caracas, Caracas, Venezuela..... | New York City..... | Percy J. Foley. |
| Banco Mercantil Americano de Colombia | Bogota, Colombia ... | Major Harry Davis. |
| Banco Mercantil Americano de Cuba... | New York City..... | Frank J. R. Mitchell. |
| Bankers Magazine, The..... | New York City..... | Elmer H. Youngman. |
| Bank of Pittsburgh N. A., The..... | Pittsburgh, Pa. | Dr. J. T. Holdsworth. |
| Bankers Trust Co..... | New York City..... | Fred I. Kent. |
| Barber Asphalt Paving Co., The..... | Philadelphia, Pa. ... | Edmund A. Pratt. |
| Barcelona-American Chamber of Commerce | New York City..... | Antonio M. Opisso. |
| Barrell Co., William L..... | New York City..... | Fred S. Bennett. |
| Bartley Crucible Co., Jonathan..... | Trenton, N. J..... | Lewis H. Lawton. |
| Bech, Van Sicken & Co., Inc..... | Washington, D. C.... | Louis C. Witkowski. Henning Ege. John Larsen. J. Allo Roth. |
| Benedict Coal Corp..... | Lynchburg, Va. | W. W. Taylor. |
| Bennett & White, Inc..... | New York City..... | D. R. Martinez. |
| Bethlehem Motors Corp..... | New York City..... | Howard B. Hall. |
| Bethlehem Steel Co..... | New York City..... | Charles M. Schwab. |
| Bird & Son, Inc..... | Washington, D. C.... | E. H. Seal. |

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| Blair, Parker Coal & Coke Co. | Philadelphia, Pa. | Henry G. Brown. |
| Bolger, Mosser & Williams. | Chicago, Ill. | |
| Bonnot Co., The | Canton, Ohio | D. W. Jasper. |
| Boomer & Co., Inc. | New York City | R. De F. Boomer. |
| Boselli, Jeramaz Co. | Paterson, N. J. | Louis Boselli. |
| Boston Export Round Table. | Boston, Mass. | Henry H. Morse. |
| Brandon, Hedges & McLain, Inc. | New York City | |
| Brill Co., J. G., The | Philadelphia, Pa. | Morrison J. Oswald. |
| Brown & Cooksey. | New York City | Charles Paul Brown. |
| Brown & Sons, Alex. | Baltimore, Md. | Austin McLanahan. |
| Browning & Co., Victor R. | Cleveland, Ohio | Edwin H. Stowell. |
| Bruna Sampaio & Co., of Valparaiso, Chile | New York City | Arsacic Ibáñez. |
| Buffalo Commercial | Washington, D. C. | A. D. Fairbairn. |
| Buffalo (N. Y.) Courier | Washington, D. C. | Mrs. R. D. Hopkins. |
| Buffalo Star | Washington, D. C. | A. D. Fairbairn. |
| Bul' & Co., A. H. | New York City | J. D. Phillips. |
| Bunnell & Co., J. H. | New York City | John J. Ghegan. |
| Business Publishers Association. | New York City | A. C. Pearson. |
| Business Representative Bureau. | Washington, D. C. | Linus M. Bailey. |
| Busk & Daniels. | New York City | Lorenzo Daniels. |
| Butler Paper Co., J. W. | Chicago, Ill. | Paul Butler. |
| Caldwell-Burnet Corporation | New York City | H. Q. C. Hatch. |
| California, State of | Sacramento, Cal. | J. A. Elston, M. C., Washington, D. C. |
| | | Wm. Kettner, San Diego, Cal. |
| Canton Co. of Baltimore | Baltimore, Md. | Kurtz Wilson. |
| Canton Railroad Co. | Baltimore, Md. | Kurtz Wilson. |
| Carr Brothers | New York City | Herbert J. Carr. |
| Carter & Co., R. K. | New York City | Alfred C. Greening. |
| Casa de America | New York City | Antonio M. Opisso. |
| Castellanos Bank | Philadelphia, Pa. | T. C. Acevedo. |
| Central and South American Tele- graph Co. (All America Cables) | New York City | John L. Merrill. |
| Central Bureau of Planning and Statistics | New York City | Horace M. Goddard. |
| Central Trust Co. of Illinois | Chicago, Ill. | Geo. W. Doonan. |
| Chamberlain Medicine Co. | Des Moines, Iowa | Will A. Peairs. |
| Chandler & Company. | New York City | Ernest H. Wands. |
| | Philadelphia, Pa. | |
| Chattahoochee Furniture Co. | Flowery Branch, Ga. | Forrest Additon. |
| Chemical and Metallurgical Engineering | New York City | Howard C. Parmelee. |
| Chemical National Bank of N. Y. | New York City | John Clausen. |
| Chevy Chase School. | Washington, D. C. | Fred. E. Farrington. |
| Chicago Association of Commerce. | Chicago, Ill. | W. Stimson Barnes. Harry H. Merrick. |
| Chicago Paper Company. | Chicago, Ill. | Robert C. Fay. |
| Chicago Pneumatic Tool Co. | Chicago, Ill. | W. P. Pressinger. |
| Chile and Northern News Association. | Washington, D. C. | Charles M. Pepper. |
| Chilean Commercial Bureau. | New York City | Severo Salcedo. |
| Christoph Company, Paul J. | New York City | Leon N. Bensabat. |
| | Buenos Aires | |
| | Rio de Janeiro | |
| Cincinnati Chamber of Commerce. | Cincinnati, Ohio | James B. Morrow. |
| Class Journal Co., The. | New York City | David Beecroft. |
| | Washington, D. C. | Allen Sinsheimer. |
| Clyde Steamship Co. | New York City | Robert Wardle. |
| Coastwise Shipbuilding Co. | Baltimore, Md. | Frank A. Brande. T. W. Whedfer. |
| Columbian Rope Co. | Auburn, N. Y. | Alfred Robertson. |

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| Columbia University | New York City..... | Frank Hederich. |
| Committee on Friendly Relations among Foreign Students..... | New York City..... | C. Du Bois Hurrey. |
| Compania Nacional de Metales..... | New York City..... | John S. Pendleton. |
| | Buenos Aires | |
| | Havana, Cuba | |
| | Santiago, Chile | |
| Computing-Tabulating Recording Co..... | Washington, D. C..... | Harry S. Evans. |
| Congressional Information Bureau..... | Washington, D. C..... | Claude N. Bennett. D. L. Selke. |
| Connett, Burton & Co..... | New York City..... | |
| Conpanhia Nacional de Mates..... | New York City..... | John S. Pendleton. |
| | Rio de Janeiro..... | |
| | Sao Paulo, Brazil..... | |
| Consolidated Rolling Mills & Co..... | New York City..... | H. G. Venable. |
| Consolidated Steel Corp..... | New York City..... | W. S. Tower. |
| Constitutional Railways of Mexico..... | New York City..... | Alberto de Hoyos. |
| Continental and Commercial National Bank of Chicago..... | Chicago, Ill. | Geo. W. Reynolds. |
| Corbett & Co., M. J..... | New York City..... | Carl W. Stern. |
| Corby Co., The..... | Washington, D. C..... | W. S. Corby. |
| Corn Exchange National Bank..... | Philadelphia, Pa. | Charles L. Chandler. |
| Corning Glass Works, Pyrex Division..... | Corning, N. Y. | Will T. Hedges. |
| Costa Rica Chamber of Commerce..... | San José, Costa Rica..... | John M. Keith. |
| Cottman Co., Clarence | Baltimore, Md. | Kurtz Wilson. |
| Craemer Nail & Supply Co..... | New York City..... | Henry Craemer. |
| Craemer Trading Corp..... | New York City..... | Henry Craemer. |
| Crex Carpet Co..... | New York City..... | A. Garcinava. Myron W. Robinson. |
| Criterian Newspaper Syndicate..... | New York City..... | Dr. L. Lara Pardo. |
| Cross Co., J. H..... | Philadelphia, Pa. | |
| Crossmond & Co., L. D..... | New York City..... | L. D. Crossmond. |
| Cuban American Reduction Co..... | New York City..... | Charles S. Munson. |
| Curtiss Aeroplane & Motor Corp..... | New York City..... | F. L. Faurote. |
| Daily News Record..... | Washington, D. C..... | J. B. McDonnell. |
| Davis Hosiery Mill | Fort Payne, Ala..... | Miss M. W. Mickler. |
| Davies, Turner & Co..... | New York City..... | C. B. Ames. |
| Delaware, State of..... | Dover, Del. | Col. J. Satterthwaite Wilmington, Del. |
| Delmarle & Co., O. J..... | Rochester, N. Y..... | O. J. Delmarle. |
| Deselektro Co., The..... | Washington, D. C..... | W. J. Dunne. J. L. Hanlon. Fred Brown Whitney. |
| Dexter Portland Cement Co..... | New York City..... | Raymond W. Hilles. |
| Dietzgen Company, Eugene..... | Washington, D. C..... | F. H. Bryson. |
| Disston & Sons, Henry..... | Philadelphia, Pa..... | S. Horace Disston. |
| District of Columbia Paper Mfg. Co..... | Washington, D. C..... | D. A. Smith. |
| Doubleday, Page & Company..... | New York City..... | Kenneth Andrews. A. Eugene Bolles. Herbert S. Houston. |
| Drexel Institute | Philadelphia, Pa. | Hollis Godfrey. |
| Dun & Company, R. G..... | Albany N. Y..... | Francis R. Purdie. |
| Dundas Bros. Co..... | Philadelphia, Pa..... | J. Marron Dundas. |
| Dunston, Co., E. W..... | New York City..... | J. A. Prigge, Jr. |
| Du Pont Chemical Co..... | Wilmington, Del..... | J. C. Packard. |
| Du Pont de Nemours Export Co., E. I..... | New York City..... | C. de Cordero. |
| Eastman Kodak Co..... | Rochester, N. Y..... | D. E. Delgado. |
| Economy Tumbler Co..... | Morgantown, W. Va..... | W. E. Hunter. |
| Edison Electric Appliance Co., Inc..... | Chicago, Ill. | C. O. Hard. |
| El Mercurio | Santiago, Chile | Ernesto Montenegro. |
| "El Nacional," Habana, Cuba..... | Washington, D. C..... | Nathan Levin. |

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| "El Paje" of Mexico City..... | Mexico City, Mex.... | Carlos Arellano, New York City. |
| Emerson Brantingham Co..... | Rockford, Ill. | A. T. Jackson. |
| Enfield Pottery & Tile Works..... | Enfield, Pa. | J. H. Dulles Allen. |
| Engineering and Mining Journal..... | Washington, D. C.... | Paul Wooton. |
| Engineering News Record..... | New York City..... | Charles W. Baker. |
| Explorers Club | New York City..... | Henry C. Walsh. |
| Factory Products Corp..... | New York City..... | R. del Gallego. Frank P. Morgan, Washington, D. C. |
| Factory Site Commission..... | Baltimore, Md. | Tunstall Smith. |
| Fairbanks, Morse & Company..... | New York City..... | T. T. Bond. Allan R. Rea. |
| Farmers Fireside Bulletin..... | Arlington, Texas | W. A. Bowen. |
| Fay's Aliens Bureau..... | Boston, Mass. | James M. G. Fay. |
| Federal Reserve Bank..... | Boston, Mass. | Frederic H. Curtiss. |
| Films of Business..... | New York City..... | Joan Calley (Mrs. D. M.). |
| First National Bank..... | Boston, Mass. | Carl S. Wells. |
| First National Bank..... | Chicago, Ill. | John J. Arnold. |
| First National Bank..... | La Junta, Colo. | Robert W. Patterson. |
| Flaherty Co., Joseph..... | Pittsburgh, Pa. | Joseph Flaherty. |
| Flemer, Lewis | Washington, D. C.... | Lewis Flemer. |
| Flint & Company, Inc..... | New York City..... | Charles R. Flint. |
| Fontes & Company, E. G..... | Rio de Janeiro, Brazil | Ernest G. Fontes. |
| Fordham University | New York City..... | Edmund J. Burke. |
| Foreign Bond & Share Corp..... | New York City..... | M. Hely-Hutchinson. |
| Fort Dearborn National Bank..... | Chicago, Ill. | Edward N. Heinz. |
| Foster & Reynolds Co., The..... | New York City..... | Ward G. Foster. |
| Four Wheel Drive Auto Co., The..... | Washington, D. C.... | R. M. Newbold. |
| Fox Bros. & Company..... | New York City..... | Adriano Cobo. |
| Frank and Piñera..... | New York City..... | Stuart H. Frank. |
| F. W. D. Auto Company..... | Washington, D. C.... | H. H. Dargin. |
| Galcavecchia, Aballi & Co..... | New York City..... | Charles S. Strevia. |
| Garfinkle & Company, Julius..... | Washington, D. C.... | Julius Garfinkle. |
| "Gary" Motor Truck Co., The..... | Gary, Ind. | R. A. O'Donnell. |
| Gaston, Williams & Wigmore..... | New York City..... | Rea Hanna. |
| General Drafting Company..... | New York City..... | Ernest Alpero. John Edward McGee. |
| General Motors Acceptance Corp..... | New York City..... | A. Fredericks. |
| General Motors Export Company..... | New York City..... | H. W. Hunsberger. |
| General Products Shipping & Trading Corp. | Washington, D. C.... | Peter S. Steenstrup. A. A. Glaze. |
| | New Orleans, La.... | J. Karl Glessner. |
| | Washington, D. C.... | H. P. Merrill. |
| General Railway Signal Company..... | New York City..... | J. W. White. |
| Georgetown University | Washington, D. C.... | John B. Creeden. |
| Georgetown University School of Foreign Service..... | Washington, D. C.... | Edmund A. Walsh. |
| George Washington University..... | Washington, D. C.... | Miss Mary Magruder. |
| Gidding, J. M. & Company..... | New York City..... | Stuart H. Frank. J. M. Gidding. |
| Glushanck & Hill..... | New York City..... | S. A. Glushanck. |
| Gomez & Bros., C. A. Carlos, Nicara- gua, C. A. | New York City..... | Pedro G. Rouhaud. |
| Goodrich Rubber Company, B. F..... | Akron, Ohio | F. E. Titus. |
| Goodyear Tire & Rubber Co., The..... | Akron, Ohio | Henry E. Coronado. |
| Grace & Company, W. R..... | New York City..... | John F. Fowler. J. Louis Schaefer. |

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| Graham Paper Company..... | St. Louis, Mo..... | A. L. Hawkins. |
| Graham, Rowe & Company..... | New York City..... | Inis A. Rey. |
| Great Lakes Trust Co..... | Chicago, Ill..... | W. W. Kneessi. |
| Greeff & Company, R. W..... | New York City..... | G. M. Loly. |
| Greene, Tweed & Co..... | New York City..... | H. S. Demarest. |
| Griffin, Chas. E..... | New York City..... | Chas. E. Griffin. |
| Guaranty Trust Co. of New York..... | New York City..... | A. H. Baldwin. Willis H. Booth. Challen R. Parker. |
| Guggenheim Bros | New York City..... | George W. Tower, Jr. |
| Haas, John I., (Hop Merchant-Export-Import) .. | Washington, D. C..... | John I. Haas. |
| Hackenberger Co., B. L..... | Washington, D. C..... | B. L. Hackenberger. |
| Hansell & Sons, Wm. S. | Philadelphia, Pa..... | George W. Hansell. |
| Hard & Rand..... | New York City..... | John W. Edmonds. |
| Hardware Age | New York City..... | Edward H. Darville. |
| Harris, Forbes & Co..... | New York City..... | Burnett Walker. |
| Harriss, Magill & Co..... | New York City..... | |
| Harvard University | Cambridge, Mass..... | Wallace W. Atwood. |
| Hazleton Chamber of Commerce..... | Hazleton, Pa..... | Walter W. Shultz. |
| Heegstra, Inc., H. Walton, Merchandising—Advertising | Chicago, Ill..... | Walton W. Heegstra. |
| Henderson, Wickham & Maiden..... | Youngstown, Ohio .. | John P. Barrett. |
| Hercules Engineering Corp..... | New York City..... | Arturo R. Calvo. |
| Hernandez, Robinson & Co..... | New York City..... | J. Howard Eager. |
| Hewlett & Rice..... | Washington, D. C..... | Archie Rice. |
| Highway Industrial Assn..... | Washington, D. C..... | Mrs. C. Montenyohl. H. G. Shirley, Towson, Md. |
| Hill & Co., Edmund C..... | Trenton, N. J..... | Edmund C. Hill. |
| Hispanic American Historical Review..... | Washington, D. C..... | James A. Robertson. |
| Holmes & Son, Inc..... | Washington, D. C..... | Leon S. Ulman. |
| Holstein Export Assn., Shipper of Dairy Cattle | Herndon, Va..... | Geo. R. Bready. |
| Holt & Co..... | New York City..... | J. J. Slechta. |
| Hopkins Syndicate (Press)..... | Washington, D. C..... | Randolph D. Hopkins |
| Idaho, State of..... | Boise, Idaho | Gov. D. W. Davis. |
| Illinois Manufacturers Association..... | Chicago, Ill..... | D. E. Felt. John M. Glenn. |
| Imbrie & Company..... | New York City..... | John S. Hammond. |
| Indiana, State of..... | Indianapolis, Ind..... | Fred C. Gardner. Henry D. Pierce. |
| Insurance Co. of North America..... | Richmond, Va..... | P. C. Cothron. U. O. Michaels. |
| Interchurch World Movement..... | New York City..... | H. F. Laflamme. |
| International Boundary Commissions..... | Washington, D. C..... | J. H. Van Wagener. |
| International Correspondence Schools..... | Scranton, Pa..... | Dan E. Carpenter. N. H. Prouty. Santiago B. Reachy. |
| International General Elec. Co..... | Schenectady, N. Y..... | E. A. Baldwin. Arnold S. Durrant, New York City. |
| International Mountain Press Service..... | Washington, D. C..... | James F. Kelly. |
| International Planters Corp. of N. Y..... | New York City..... | R. I. Janer. |
| International Trade Mark Bureau..... | Havana, Cuba | Mario Diaz Irizar. |
| International Western Elec. Co..... | New York City..... | E. M. Garcia. J. J. Gilbert. J. M. Jewett. |
| Iron Age Publishing Co., The..... | New York City..... | Edward H. Darville. |
| Iron Trade Review, The..... | Cleveland, Ohio | M. L. Feiser. |

- Irving National Bank.....New York City.....Daniel V. Casey.
C. O. Corwin.
Wm. Robert Wilson.
- Irwin Auger Bit Company, The.....Wilmington, Ohio ..S. A. Mitchell.
- Iselin & Company, William.....New York City.....James W. Cromwell.
- Isherwood, J. W., Isherwood
System of Ship Construction.....New York City.....J. W. Stewart.
- Island Petroleum Company, The.....Baltimore, Md.Wm. Werckenthien.
- Jaenecke-Ault Co.Newark, N. J.....Chas. H. Ault.
- Jeffrey Mfg. Co., The.....Columbus, OhioMalcolm D. Jeffrey.
- Jelleff, Inc., Frank R.....Washington, D. C.....Frank R. Jelleff.
- Johns Hopkins University.....Baltimore, Md.M. Badillo.
- Johns-Manville Co., H. W.....New York City.....J. A. Myler.
C. W. Nagel,
Chicago, Ill.
- Johnson & Johnson.....New Br'nswick, N. J. Gonzalo O'Neill.
- Karminski & Co., Inc., Victor E.....New York City.....Victor E. Karminski.
- Kellogg Switchboard & Supply Co.....Chicago, Ill.David J. Gillespie.
- Kerr Steamship Co., Inc.....New York City.....Victor M. Smith.
- Kilbourne & Jacobs Mfg. Co.....Columbus, OhioJ. R. Kilbourne.
- Kirstein Sons Company, E.....Rochester, N. Y.....Miss Emma J. Baird.
- K—P CorporationNew York City.....Luis F. Corea.
- La Compagnie Sirene.....Washington, D. C.....D. Paniagua-B.
- La HaciendaBuffalo, N. Y.....Dr. J. H. T. Stempel.
- Lakewood Engineering Company.....Cleveland, OhioLloyd Brown.
Charles A. Cleaver,
(Washington, D. C.)
Charles F. Lang.
Roy G. Owens.
- "La Nacion" of Buenos Aires,
ArgentinaNew York City.....W. W. Davies.
San Francisco, Cal.. Tomás E. Stephens.
- "La Nacion" of Santiago, Chile.....New York City.....Severo Salcedo.
- "La Prensa" de Nueva York.....New York City.....Alfredo vdH. Collao.
- La Suisse Import & Export Co.....New York City.....Ludwig Kissel.
- Latin American Press Association.....Washington, D. C.....José Tible Machado.
- Leach & Co., Inc., A. B.....New York City.....Alfred O. Corbin.
- Lester Piano Company.....New York City.....D. R. Martinez.
Philadelphia, Pa.
- Lewery & Co., Inc., L. J.....New York City.....C. W. Sutton.
- Liberty Export & Import Corp.....New York City.....F. N. Grifford.
Theodore May.
- Lille, Chamber of Commerce of.....Lille, FranceC. O. P. Langlais.
- Lincoln Memorial University.....New York City.....John Wesley Hill.
- Lindemann & Hoverson Co., A. J.....Milwaukee, Wis.A. J. Lindemann.
- Lloyd BrasileiroNew York City.....J. Marcal.
- Los Angeles Chamber of Commerce.....Los Angeles, Cal....Reese Llewellyn.
Watt L. Moreland.
Sylvester L. Weaver.
- Louisiana State Board of Health.....New Orleans, La....Oscar Dowling.
- Louisiana, State ofBaton Rouge, La....R. G. Pleasant.
- Lucey Manufacturing Co.....New York City.....Dwight W. Fisher.
Washington, D. C.
- Luthi & Company, F. C.....New York City.....C. Grand Pierre.
- McClellan & CampionPhiladelphia, Pa.....Wm. McClellan.
- McClintic-Marshall Corp.New York City.....H. C. Walton.

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| McGraw-Hill Company | New York City | Washington, D. C. | Wingrove Bathon. |
| | | Philadelphia, Pa. | W. L. Campbell. |
| | | Washington, D. C. | Morris H. Glazer. |
| | | New York City | Lewis F. Gordon. |
| | | New York City | Verne Leroy Havens. |
| | | New York City | Frederic W. Hume. |
| | | New York City | James H. McGraw. |
| | | Washington, D. C. | Robert H. May. |
| | | New York City | J. Malcolm Muir. |
| | | New York City | D. MacGregor Stern. |
| | | Baltimore, Md. | Allyn G. Whitehead. |
| Maine, State of | Augusta, Maine | | Gov. C. E. Milliken. |
| Maldonado & Co., Inc. | San Francisco, Cal. | | Ferd. B. Maldonado. |
| Manning, Maxwell & Moore | New York City | | John N. Derby. |
| Manufacturers Record | Baltimore, Md. | | Richard H. Edmonds. |
| Manufacturing Agency | Washington, D. C. | | A. S. Lindstrom. |
| Marbleloid Company | Washington, D. C. | | J. M. Baldwin. |
| Marine Iron Works | Chicago, Ill. | | W. Stimson Barnes. |
| | | | Mrs. A. L. Barnes. |
| Marquette University | Milwaukee, Wis. | | M. W. Thompson. |
| Maryland, State of | Baltimore, Md. | | A. S. Goldsborough. |
| Massachusetts Agricultural College | Amherst, Mass. | | E. M. Lewis. |
| Matlock Coal & Iron Corp. | New York City | | Cipriano Andrade, 3d. |
| Maxwell & Chalmers Motor Co. | Detroit, Mich. | | Walter M. Anthony. |
| May Manton Fashions | New York City | | Geo. C. Bladworth. |
| Mediterranean Trading Co., Inc. | New York City | | Charles F. Hauss. |
| Mengel & Bro. Co., C. C. | Louisville, Ky. | | R. M. Cunningham. |
| | | | (Washington, D. C.) |
| | | | D. C. Harris. |
| Mengel Box Company | Louisville, Ky. | | R. M. Cunningham, |
| | | | Washington, D. C. |
| Mercantile Bank of the Americas | New York City | | James F. Caslin. |
| | | | V. Gonzales. |
| | | | Alfred Meyer. |
| | | | Frank J. R. Mitchell. |
| | | | Walter S. Penfield, |
| | | | Washington, D. C. |
| | | | Walter Seligman. |
| Mercantile Trust Co. | St. Louis, Mo. | | Jack Suckermann. |
| | | | Festus J. Wade. |
| Merchants Assn. of New York, The | New York City | | Wm. L. Fish. |
| | | | Wm. H. Mahoney. |
| Merchants and Manufacturers Assn. | Baltimore, Md. | | A. S. Goldsborough. |
| Merchants and Manufacturers Assn. | Washington, D. C. | | M. A. Leese. |
| Messer Company, Wm. | New York City | | Peter Messer. |
| Methodist Episcopal Church | New York City | | Harry Farmer. |
| | | | Bishop W. F. Oldham |
| | | | William H. Teeter. |
| Metio or French-Indian Council | Chicago, Ill. | | Major H. J. Jaxon. |
| Metio Fur-hunters Co-operative Assn. | Chicago, Ill. | | Major H. J. Jaxon. |
| Metropolitan Life Insurance Co. | New York City | | Louis I. Dublin. |
| Mexico, American Chamber of Commerce of | New York City | | James Carson. |
| Mexican Fibre Producers Assn., The | New York City | | J. N. Zermefio. |
| Mexican Herald | Mexico City | | Paul Hudson, |
| | | | Washington, D. C. |
| Mexican Telegraph Co. | New York City | | B. H. Reynolds. |
| Michigan, State of | Lansing, Mich. | | Louis J. Rosenberg. |
| | | | Detroit, Mich. |
| Miller Rubber Company, The | Akron, Ohio | | C. E. Wagner. |
| Minneapolis Civic and Commercial Association | Minneapolis, Minn. | | C. S. Langdon. |
| Minneapolis Steel Co., The | New York City | | C. W. Haddon. |
| Minnesota, State of | Minneapolis, Minn. | | C. G. Langdon. |

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| Mississippi, State of..... | Jackson, Miss. | F. G. Wisner, |
| Mississippi Industrial Institute and State College for Women..... | Laurel, Miss. Columbus, Miss..... | Lina B. Ellington, Washington, D. C. |
| Mississippi Valley Association..... | Paris, Texas | R. D. Bowen. |
| | New Orleans, La..... | A. E. Pradillo. |
| Mississippi Valley Trust Co..... | St. Louis, Mo..... | Thos. J. Kavanaugh. |
| Mississippi Valley Waterways Assn..... | St. Louis, Mo..... | James E. Smith. |
| Mobile, City of..... | Mobile, Ala. | John M. McDuffie. |
| Monongah Glass Co..... | Fairmont, W. Va.... | Tobe Blumenthal. |
| Montgomery Ward & Co..... | Chicago, Ill. | F. Plaza. |
| Monument Paint Co..... | Indianapolis, Ind. | H. W. Adams. |
| Moore & McCormack Co., Inc..... | New York City..... | A. V. Moore. |
| Morgan's Sons Co., Enoch..... | New York City..... | Lewis H. Lipman. |
| Morris, A. J..... | New York City..... | Louis C. Carpenter. |
| Morris & Company..... | Chicago, Ill. | G. A. Carlsen. |
| | | Douglas F. O'Brien. |
| Morrison & Co. (of Chile, S. A.)..... | New York City..... | Charles Henry Lee. |
| Mosaic Tile Co. of Zanesville, Ohio.... | New York City..... | Herbert A. Ritchings. |
| Motor & Accessory Mfgs. Assn..... | New York City..... | M. L. Heminway. |
| Muller Mfg. Co., H..... | Decatur, Ill. | C. T. Ford, |
| | | Washington, D. C. |
| Munson Steamship Line..... | New York City..... | Frank C. Munson. |
| Musher & Company..... | Washington, D. C.... | N. Musher. |
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| Nagle Steel Co..... | Pottstown, Pa. | Victor E. Karminski. |
| Nartzik, J. J., Veneer Manufacturers.... | Chicago, Ill. | Harry L. Doty. |
| Nash Motors Co., The..... | Kenosha, Wis. | John A. Rose. |
| National Aniline & Chemical Co., Inc.. | New York City..... | F. W. Northridge, Jr. |
| National Assn. of Credit Men..... | New York City..... | B. B. Tregoe. |
| National Assn. of Manufacturers..... | New York City..... | George S. Boudinot. |
| | | James A. Emery, |
| | | Washington, D. C. |
| | | Nathan B. Williams, |
| | | Washington, D. C. |
| National Assn. for Protection of American Rights in Mexico..... | New York City..... | C. H. Boynton. |
| National Bank of Commerce..... | New York City..... | J. B. Putnam. |
| National City Bank..... | New York City..... | John H. Allen. |
| | | Charles F. McHale. |
| | | José Romero. |
| | | Arthur H. Titus. |
| | | Frederick Todd. |
| | | F. A. Vanderlip. |
| National City Company..... | New York City..... | Frederic M. Halsey. |
| National Council of American Cotton Manufacturers | Washington, D. C.... | Louis H. Warner. |
| National Credit Office..... | New York City..... | James Allen Sweet. |
| National Emergency Bureau of the Wooden Box Industry..... | Washington, D. C.... | J. C. Nellis. |
| National Foreign Trade Council..... | New York City..... | O. K. Davis. |
| National Implement and Vehicle Assn.. | Chicago, Ill. | E. W. McCullough. |
| National Machine Tool Builders' Assn.. | Worcester, Mass. | Chas. E. Hildreth. |
| National Magazine | Boston, Mass. | Joe Mitchell Chapple. |
| National Paper & Type Co..... | New York City..... | James Carson, |
| | | C. C. Martin. |
| | | H. H. Meyer. |
| | | R. W. Orcutt. |
| National Park Bank..... | New York City..... | George H. Kretz. |
| National Petroleum Assn..... | Washington, D. C.... | Fayette B. Dow. |
| National Railways of Mexico..... | New York City..... | F. P. deHoyos. |
| National Rivers and Harbors Congress. | Washington, D. C.... | S. A. Thompson. |

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| Nevada, State of..... | Carson City, Nev.... | C. B. Henderson, Washington, D. C. |
| Newark Public Library..... | Newark, N. J..... | John Cotton Dana. |
| New England Coal & Coke Co..... | Boston, Mass. | Henry S. Lyons. |
| New England Fuel & Trans. Co..... | Boston, Mass. | Henry S. Lyons. |
| New Hampshire, State of..... | Concord, N. H..... | George L. Whitford, Washington, D. C. |
| New Jersey Zinc Co..... | New York City..... | W. P. Harden- bergh, Jr. |
| New Mexico, State of..... | Sante Fe, N. Mex., .. | Dr. S. M. Johnson, Glencoe, N. Mex. |
| New Orleans Assn. of Commerce..... | New Orleans, La..... | F. Brenegley. Col. Wm. C. Dufour. E. B. Harrington. W. W. Ingalls, Jr. F. B. Pearce. A. E. Pradillo. F. G. Prat. |
| New Orleans Board of Trade..... | New Orleans, La..... | T. F. Cunningham. |
| New Orleans, City of..... | New Orleans, La..... | William Allen, (Washington, D. C.) M. Behrman. Carl Giesson. C. A. Tessier, Jr. |
| New Orleans Steamship Assn..... | New Orleans, La..... | Chas. Harrington. E. E. Lamberton. N. O. Pedrick. F. G. Prat. |
| New Orleans Stock Exchange..... | New Orleans, La..... | E. M. Huger. |
| New Orleans Sugar and Rice Exchange. | New Orleans, La..... | Bishop Perkins. |
| Newport News Ship. & Drydock Co.... | Newport News, Va... | H. L. Ferguson. |
| New York & Cuba Mail S. S. Co..... | New York City..... | W. F. Paton. |
| New York, Chamber of Commerce of the State of..... | New York City..... | J. Barstow Smull. |
| New York Commercial, The..... | New York City..... | W. E. Aughinbaugh. Arthur W. Crawford, Washington, D. C. |
| New York Herald..... | Washington, D. C.... | Thomas G. Alvord. |
| New York, State of..... | Albany, N. Y..... | William H. Todd, New York City. |
| New York Sun..... | New York City..... | Theo Lowe. H. Randolph Schmitt. |
| New York, University of the State of.. | Albany, N. Y..... | Dr. A. S. Downing. |
| New York World..... | New York City..... | Robert H. Murray, Mexico City, Mex. |
| Niagara Fire Insurance Company..... | New York City..... | James C. Maconachy. |
| Nickerson & Collins Co..... | Chicago, Ill. | J. F. Nickerson. |
| Niles-Bement-Pond Co. | Hartford, Conn. | M. B. Moore. |
| Noel News Service..... | New York City..... | John V. Noel. |
| Nordman & Co., J. J..... | Pittsburgh, Pa. | J. J. Nordman. |
| Norfolk & Washington Steamboat Co... | Washington, D. C.... | D. J. Callahan. |
| Norfolk Chamber of Commerce —Board of Trade | Norfolk, Va. | Barton Myers. Fergus Reid. I. Walke Truxton. |
| Noriega del Valle & Co., Inc..... | New York City..... | Leo Weinberg. |
| North American Wood Products Corp... | New York City..... | A. Proctor Smith. |
| Northeast Savings Bank..... | Washington, D. C.... | W. Reginald Lewis. |
| Northern Trust Company—Bank, The... | Chicago, Ill. | Albert W. Bullard. |
| Northwestern Malleable Iron Co..... | Milwaukee, Wis.... | Fred L. Sivyer. |

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| Oakland Chamber of Commerce..... | Oakfield, Cal. | George A. Ames. J. R. Christy. J. A. Elston, M. C., Washington, D. C. D. J. Hanlon. W. W. Johnson. H. S. Robinson. |
| Ohio Brass Company, The..... | Mansfield, Ohio | Alfred B. Edes. |
| Ohio Falls Iron Co..... | New Albany, Ind..... | Geo. M. Clark. |
| Ohio, State of..... | Columbus, Ohio | W. S. Rowe, Cincinnati, Ohio. |
| Oklahoma, State of | Oklahoma City, Okla. | C. B. Ames. J. W. Ballard, Washington, D. C. Major R. A. Billups, Tulsa, Okla. C. D. Carter, M. C., Washington, D. C. Scott Ferris, M. C., Washington, D. C. T. P. Gore, U. S. S., Washington, D. C. W. W. Hastings, M. C., Washington, D. C. E. B. Howard, M. C., Washington, D. C. B. B. Jones, Washington, D. C. J. McClintic, M. C., Washington, D. C. T. D. McKeown, M. C., Washington, D. C. D. P. Marum, Woodward, Okla. D. T. Morgan, M. C., Washington, D. C. R. L. Owen, U. S. S., Washington, D. C. Houston B. Teehee, Washington, D. C. J. B. Thompson, M. C., Washington, D. C. |
| Oklahoma, The University of..... | Oklahoma City, Okla. | Dr. A. B. Adams, Washington, D. C. |
| Orange Chamber of Commerce..... | Orange, Texas | H. S. L'Hommedieu. |
| Orange, Va., Observer..... | Orange, Va. | Miss B. G. Robinson. |
| Packard Motor Car Co..... | New York City..... | Fred Cardway. |
| Panama Railroad Co..... | New York City..... | E. A. Drake. |
| Pan American Consular Association of Chicago..... | Chicago, Ill. | B. Singer. |
| Pan American Magazine..... | New York City..... | Miss G. Mandujano. |
| Pan American Petroleum & Transport Co. | New York City..... | Norman Bridge. |
| Pan American Round Table..... | Tarrytown, N. Y.... | Miss J. H. Faverell. Miss C. E. Mason. |
| Pan American Society of the U. S..... | New York City..... | John S. Prince. |
| Pan American Union..... | Washington, D. C.... | John Barrett. Francisco J. Yánes. William A. Reid. William C. Wells. |
| Pan American Wireless Tele- graph & Telephone Co..... | New York City..... | Edward J. Nally. |

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| Pan Union Company..... | New York City..... | C. C. Broan. |
| Patton Paint Company..... | New York City..... | Harold B. Gregory. |
| Peck & Co., William E..... | New York City..... | Morris B. Bogart. |
| Pellerin Furniture Co..... | Jacksonville, Fla..... | M. P. Capen. |
| Pelton Water Wheel Co., The..... | New York City..... | Frederick W. Gay. |
| Pennsylvania A. S. League..... | Philadelphia, Pa..... | J. H. Brandt, B. L. Scott, Pittsburgh, Pa. |
| Pennsylvania Railroad Co..... | Philadelphia, Pa..... | George D. Dixon. |
| Pennsylvania Steel Export Co..... | Philadelphia, Pa..... | Warren W. Baker. |
| Peruvian Copper & Smelting Co..... | New York City..... | Jos. A. Vandergrift. |
| Peruvian Steamship Co..... | New York City..... | Antonio Fea. |
| Petersburg, Va., Chamber of Commerce..... | Petersburg, Va..... | William M. Martin. |
| Philadelphia Board of Trade..... | Philadelphia, Pa..... | William R. Tucker. |
| Philadelphia Chamber of Commerce..... | Philadelphia, Pa..... | James B. Bonner. N. B. Kelly. |
| Philadelphia Commercial Museum..... | Philadelphia, Pa..... | Dudley Bartlett. Horace S. Morrison. Wilfred H. Scott. W. P. Wilson. |
| Philadelphia Quartz Co..... | Philadelphia, Pa..... | J. P. Elkinson. |
| Pictorial Review Company..... | New York City..... | Romulo M. De Mora. |
| Pillsbury Flour Mills Co..... | Minneapolis, Minn..... | Walter C. Smith. |
| Pittsburgh Chamber of Commerce..... | Pittsburgh, Pa..... | R. J. Seaman. |
| Planographic Equipment Co. of N. Y..... | Dover, N. J..... | Walter B. Pitkin. |
| Portalis & Co., Ltd., of Buenos Aires..... | New York City..... | Daniel W. Howland. |
| Portland, Ore., Chamber of Commerce..... | Portland, Ore..... | F. A. Douty. |
| Pratt & Company, Inc., E. E..... | New York City..... | E. E. Pratt. |
| Pratt Engineering & Machine Co..... | New York City..... | C. A. Murphey. |
| Prudential Insurance Co..... | Newark, N. J..... | Fred. L. Hoffman. |
| Public Service Traffic Bureau Co., The..... | Dayton, Ohio..... | F. W. Aiken. |
| Publishers Association..... | New York City..... | A. C. Pearson. |
| Railway Age..... | New York City..... | Charles W. Foss. |
| Ralston Steel Car Co., The..... | Columbus, Ohio..... | Creuzet Vance. |
| Read Machinery Co..... | York, Pa..... | H. Read. |
| Recording & Computing Machine Co., The..... | Dayton, Ohio..... | Will I. Ohmer. |
| Redfield-Kendrick-Odell Co..... | New York City..... | E. A. Kendrick. |
| Regal Shoe Co..... | Boston, Mass..... | Henry H. Morse. |
| Reiser, Curioni & Carozzi..... | New York City..... | Albert J. Archibald. |
| Rhoads & Sons, J. E..... | Philadelphia, Pa..... | J. E. Rhoads & Sons. |
| Rice Institute, The..... | Houston, Texas..... | Edgar Odell Lovett. |
| Robertson Company, H. H..... | Baltimore, Md..... | O. O. Robinson. |
| Roebling's Sons Co., John A..... | New York City..... | Walter C. Kretz. John W. Whelan, Washington, D. C. |
| Rolled Plate Metal Co..... | New York City..... | John S. Pendleton. |
| Salmen Lumber Company..... | New Orleans, La..... | Frederick W. Salmen. |
| Salvage Syndicates, Inc..... | Chicago, Ill..... | C. A. Mann. |
| Sanderson & Porter..... | New York City..... | Chas. L. Parmelee. |
| San Diego Chamber of Commerce..... | San Diego, Cal..... | Dr. H. P. Newman. |
| Santa Cecilia Sugar Corp..... | New York City..... | M. H. Lewis. |
| Sauer Company, C. F..... | Richmond, Va..... | W. H. Leck. |
| Savannah Board of Trade..... | Savannah, Ga..... | Charles G. Edwards. |
| Schell Chemical Company, Inc..... | New York City..... | H. H. Schell. |
| Schiffmann Company, R..... | St. Paul, Minn..... | R. J. Schiffmann. |
| Schneider & Cie (Le Creusot Works)..... | New York Branch..... | Edgard Cassan, Washington, D. C. |
| School of American Research..... | Santa Fé, N. Mex..... | Edgar L. Hewett. |
| Schwartz & Company, Guatemala..... | New York City..... | Adolfo Stahl. |
| Scovil, Inc., Medley..... | New York City..... | Medley Scovil. |

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| Seaman, Inc., Frank..... | New York City..... | Lewis G. Muñiz. |
| Seattle Chamber of Commerce..... | Seattle, Wash. | R. A. Ballinger. H. C. Cantetow. |
| Second Ward Savings Bank..... | Milwaukee, Wis. | Robert M. Lobanoff. |
| Sharples Separator Co., The..... | West Chester, Pa..... | C. M. Burdette. Ralph B. Johnson. |
| Silvex Company, The. | South Bethlehem, Pa. | E. T. H. Hutchinson. |
| Smith & Co., Inc., Claude M..... | New York City..... | O. H. Cushwa. F. D. Gearhart. V. B. Lund. |
| Smith Brokerage Co., Herbert W..... | Chicago, Ill. | Herbert S. Smith. |
| Smyth Corporation, The R. J..... | New York City..... | Robert J. Smyth. |
| Solomon Co., Inc., T. M..... | New York City..... | T. M. Solomon. |
| South American Land & Development Co. | Louisville, Ky. | A. L. Davis. |
| South American Publishing Co..... | New York City..... | Wing B. Allen. |
| South Atlantic Maritime Corp..... | Washington, D. C..... | Frank C. Joubert. |
| South Carolina, State of..... | Columbia, S. C..... | N. B. Dial, Washington, D. C. Robert E. Nickles, Washington, D. C. |
| Southern Railway | Washington, D. C..... | Emerson Lucas. H. G. McLean. I. C. Williams. |
| Southern Railroad Lines..... | New Orleans, La..... | Landon B. Smith. |
| Southgate & Co., T. S., Wholesale Merchants | Norfolk, Va. | |
| Spang, Chalfant & Co., Inc..... | Pittsburgh, Pa. | J. S. Thomas. |
| Spanish American Bureau of Infor..... | New York City..... | |
| Spanish American School of Languages..... | Philadelphia, Pa. | B. de Quintero. |
| Spanish American Trade Journal, The..... | New York City..... | Antonio M. Opisso. |
| Spice Mill Publishing Co., Inc..... | New York City..... | B. F. Simmons. |
| Spokane Chamber of Commerce..... | Spokane, Wash. | Jas. A. Ford. |
| Standard Daily Trade Service..... | New York City..... | Henry Utley Milne. |
| Standard Oil Co. of New York..... | New York City..... | F. Taylor Gause. |
| Standard Shipbuilding Corp..... | Schooler's Island, Staten Isl., N. Y..... | Antonio Caragol. Emilio S. Godoy. |
| Standard Statistics Co., Inc..... | New York City..... | Luther L. Blake. William Barrett Cass. |
| St. Louis Chamber of Commerce..... | St. Louis..... | Sebastião Sampaio. |
| St. Louis Commercial News and Labor Gazette..... | St. Louis..... | George W. Briggs. |
| Stockton & Stockton..... | New York City..... | Chas. W. Stockton. |
| Strange Paper Co., John..... | Minasha, Wis. | John Strange. |
| Swift & Company..... | Chicago, Ill. | R. D. Rynder. A. S. Brant, Washington, D. C. |
| Synod of East Pennsylvania..... | Philadelphia, Pa. | Silas D. Daugherty. |
| Tabulating Machine Co., The..... | New York City..... | O. E. Braitmeyer. Henry C. Cole, Washington, D. C. |
| Tennessee Manufacturers Assn..... | Chattanooga, Tenn... | John L. Newkirk, Jr. |
| Tennessee, State of..... | Nashville, Tenn. | John L. Newkirk, Jr., Chattanooga, Tenn. Paul J. Krueso, Chattanooga, Tenn. |
| Texas Chamber of Commerce..... | Houston, Texas | J. S. Cullinan. |
| Texas Company, Mexico and South America..... | Washington, D. C..... | Sherman Ford. |
| Texas Company | New York City..... | P. Luna y Parra. |

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